

City Council Action (Continued)

CONSENT CALENDAR:

ITEMS

	Time Estimate		Page
	Consent Calendar: 1 - 10 Minutes		
19.		<u>APPROVAL OF PROGRAM SUPPLEMENT AGREEMENT NUMBER M007 FOR FEDERAL-AID PROJECT NUMBER 04-5152: PEDESTRIAN CROSSING IMPROVEMENT PROJECT</u>	103
		Recommended Action(s):	
		1. Approve the Program Supplemental Agreement with Caltrans for the Pedestrian Crossing Improvement Project; and	
		2. Adopt the Resolution Designating the City Manager as the City Official Authorized to Sign the Funding Agreement.	

City Council Action

PUBLIC HEARINGS:

	Time Estimate		Page
20.	5 Minutes	<u>ZONING AMENDMENT, ZA-05-06: CITY OF MORGAN HILL-MAST STREET PLANNING UNIT DEVELOPMENT (PUD) DISTRICT AMENDMENT</u>	109
		Public Hearing Opened.	
		Please Limit Your Remarks to 3 Minutes. Public Hearing Closed	
		Council Discussion.	
		Action- Motion to Waive the Reading in Full of Ordinance.	
		Action- Motion to Introduce Ordinance by Title Only. (Roll Call Vote)	

City Council Action

OTHER BUSINESS:

	Time Estimate		Page
21.	15 Minutes	<u>CITY OF MORGAN HILL EMERGENCY OPERATIONS PLAN</u>	113
		Recommended Action(s): Approve and Authorize Distribution and Use of the Morgan Hill 2005 Emergency Operations Plan.	
22.	10 Minutes	<u>WATER RATES</u>	123
		Recommended Action(s): City Council Take No Action Regarding Water Rates or Perchlorate Surcharges, thus Keeping the Adopted Series of Rate Adjustments.	
23.	15 Minutes	<u>FISCAL YEAR 2004-2005 GENERAL FUND YEAR-END ANALYSIS</u>	127
		Recommended Action(s): Receive and File .	

OTHER BUSINESS:

	Time Estimate		Page
24.	15 Minutes	<u>COMMUNITY ORIENTED POLICING SERVICES (COPS) UNIVERSAL HIRING PROGRAM GRANT</u>	135
		<u>Recommended Action(s):</u> <u>Consider</u> Whether to Accept a Federal Grant Which Would Provide \$150,000, or 16% of the Costs of Two Additional Police Officers Over the Next Four (4) Years.	
25.	5 Minutes	<u>CYSA LEASE EXTENSION AT OUTDOOR SPORTS COMPLEX</u>	143
		<u>Recommended Action(s):</u>	
		1. <u>Authorize</u> the City Manager to Extend the Lease Agreement with CYSA through December 2006; and	
		2. <u>Provide</u> Direction to Staff on the Lease Terms and on the Request from CYSA for Parking Lot and Drainage Improvements.	
26.	5 Minutes	<u>SANTA CLARA VALLEY HABITAT CONSERVATION PLAN/NATURAL COMMUNITY CONSERVATION PLAN (HCP/NCCP) REVISED NON-VOTING LOCAL PARTNER AGREEMENT, PLANNING AGREEMENT, AND APPOINTMENTS TO GOVERNING BODY LIAISON GROUP</u>	152
		<u>Recommended Action(s):</u>	
		1. <u>Authorize</u> the City Manager to Execute the Revised Non-Voting Local Partner Agreement, and Rescind the August 3 rd Authorization to Execute the Earlier Version of the Local Partner Agreement;	
		2. <u>Authorize</u> the City Manager to Execute the Planning Agreement; and	
		3. <u>Designate</u> up to Two Members of the City Council to Serve as Representative(s) on the Governing Body Liaison Group.	

City Council and Redevelopment Agency Action

OTHER BUSINESS:

	Time Estimate		Page
27.	10 Minutes	<u>MAYOR, COUNCIL MEMBER, AND REDEVELOPMENT AGENCY BOARD MEMBER COMPENSATION</u>	157
		<u>Recommended Action(s):</u> <u>Discuss</u> Compensation for Mayor, City Council Members and RDA Board Members.	

FUTURE COUNCIL-INITIATED AGENDA ITEMS:

Note: in accordance with Government Code Section 54954.2(a), there shall be no discussion, debate and/or action taken on any request other than providing direction to staff to place the matter of business on a future agenda.

ADJOURNMENT



CITY COUNCIL STAFF REPORT

MEETING DATE: September 21, 2005

ZONING AMENDMENT, ZA-05-06: CITY OF MORGAN HILL - MAST STREET PUD DISTRICT AMENDMENT

RECOMMENDED ACTIONS:

1. Open/close Public Hearing
2. Waive the First and Second Reading of Ordinance
3. Introduce Ordinance

EXECUTIVE SUMMARY:

Staff is requesting approval of a planned unit development (PUD) overlay for a 2.94-acre parcel located at the northwest corner of Mast Street and Railroad Avenue. The purpose of the PUD is to make concrete batching plants a permitted use on the subject site and to allow silos up to seventy feet in height.

The City (staff) is self initiating this zoning amendment on behalf of Associated Concrete in order to facilitate the relocation of their existing facility from the Downtown area to an industrial district. The relocation will allow for residential development at the current Associated Concrete site in the Downtown consistent with the City's Downtown Plan and eliminate a use that is no longer compatible with the desired Downtown environment.

On August 9, 2005, the Planning Commission reviewed and recommended approval of the proposed PUD, with modifications. The PUD originally included a performance standard that restricted truck traffic to non-residential streets. The Planning Commission revised the PUD to allow trucks to travel on residential streets for residential deliveries, and made the determination that the segment of Church Street between Mast Street and San Pedro Avenue would not be considered a residential street for the purposes of the PUD. The list of permitted and conditional uses was also simplified to make reference to those uses listed in the City's MG, General Industrial Zoning District, with the exception of a concrete batching plant which is identified as a permitted use in the PUD.

For the Council's reference, copies of the August 9 Planning Commission staff report and meeting minutes are attached.

FISCAL IMPACT: No budget adjustment required.

Agenda Item # 20

Prepared By:

Senior Planner

Approved By:

CDD Director

Submitted By:

City Manager

ORDINANCE NO. NEW SERIES

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING A PLANNED UNIT DEVELOPMENT (PUD) OVERLAY FOR A 2.94-ACRE PARCEL LOCATED AT THE NORTHWEST CORNER OF MAST STREET AND RAILROAD AVENUE TO ALLOW CONCRETE BATCHING PLANTS AS A PERMITTED USE IN THE PUD AND SILOS UP TO 70 FEET IN HEIGHT (APN 817-02-064) (ZA-05-06: CITY OF MORGAN HILL – MAST STREET PUD DISTRICT AMENDMENT)

THE CITY COUNCIL OF THE CITY OF MORGAN HILL DOES HEREBY ORDAIN AS FOLLOWS:

- SECTION 1.** The proposed zoning amendment is consistent with the Zoning Ordinance and the General Plan.
- SECTION 2.** The zone change is required in order to serve the public convenience, necessity and general welfare as provided in Section 18.62.050 of the Municipal Code.
- SECTION 3.** This action is categorically exempt from environmental review under Section 15305 of the State CEQA Guidelines.
- SECTION 4.** The City Council hereby approves the PUD overlay and PUD provisions for the 2.94-acre site, as contained in the attached Exhibit “A.”
- SECTION 5.** Severability. If any part of this Ordinance is held to be invalid or inapplicable to any situation by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance or the applicability of this Ordinance to other situations.
- SECTION 6.** Effective Date; Publication. This Ordinance shall take effect thirty (30) days after the date of its adoption. The City Clerk is hereby directed to publish this ordinance pursuant to §36933 of the Government Code.

The foregoing ordinance was introduced at the regular meeting of the City Council of the City of Morgan Hill held on the 21st Day of September 2005, and was finally adopted at a regular meeting of said Council on the Day of October 2005, and said ordinance was duly passed and adopted in accordance with law by the following vote:

AYES:	COUNCIL MEMBERS:
NOES:	COUNCIL MEMBERS:
ABSTAIN:	COUNCIL MEMBERS:
ABSENT:	COUNCIL MEMBERS:

ATTEST:

APPROVED:

Irma Torrez, City Clerk

Dennis Kennedy, Mayor

∞ CERTIFICATE OF THE CITY CLERK ∞

I, IRMA TORREZ, CITY CLERK OF THE CITY OF MORGAN HILL, CALIFORNIA, do hereby certify that the foregoing is a true and correct copy of Ordinance No. , New Series, adopted by the City Council of the City of Morgan Hill, California at their regular meeting held on the Day of October 2005.

WITNESS MY HAND AND THE SEAL OF THE CITY OF MORGAN HILL.

DATE: _____

IRMA TORREZ, City Clerk

EXHIBIT A
199 MAST STREET PLANNED UNIT DEVELOPMENT

Area

The PUD area is shown on the attached map and consists of Assessor Parcel Number 817-02-064.

Objective

This PUD will facilitate the development of a concrete batch plant and other industrial uses as specified below at the subject site.

Allowable Uses

Permitted

The following uses shall be permitted in the PUD:

- All permitted uses in the MG zoning district; and
- Concrete batching plants;

Conditional

The following uses may be conditionally allowed in the PUD, subject to issuance of a conditional use permit in accordance with Chapter 18.54 of the Morgan Hill Municipal Code:

- All uses conditionally permitted in the MG zoning district, except that concrete batching plants shall be a permitted use.

Development Standards

Future development of the PUD area shall comply with the site development standards of the MG, General Industrial Zoning District in effect at time of application, with the following exceptions:

1. Concrete batch plant silos are allowed to be constructed up to a maximum height of 70 feet. All other structures shall comply with the maximum height standard for the MG, General Industrial District.
2. A dust management plan shall be submitted by the project proponent of any proposed concrete batch plant for review and approval by the City of Morgan Hill.
3. Truck traffic related to any proposed concrete batch plant shall be generally restricted to non-residential streets for commercial deliveries. Use of residential streets shall be permitted for residential deliveries. For the purposes of this performance standard, the segment of Church Street between Mast Street and San Pedro Avenue is not considered a residential street.



CITY COUNCIL STAFF REPORT

MEETING DATE: September 21, 2005

CITY OF MORGAN HILL EMERGENCY OPERATIONS PLAN

RECOMMENDED ACTION(S):

Approve and Authorize distribution and use of the Morgan Hill 2005 Emergency Operations Plan.

EXECUTIVE SUMMARY:

The Office of Emergency Services is charged per City ordinance, MMH§ 2.44.050, with the preparation and execution of a written plan designed to address the City's response to man-made and natural disasters. During this last year, staff from the Morgan Hill Office of Emergency Services has prepared the 2005 Emergency Operations Plan consistent with current standards in emergency management. The plan outlines the necessary roles and responsibilities that will be discharged by City staff and volunteers in the event a disaster strikes Morgan Hill.

California Government Code, § 8610 states that counties and cities may enact ordinances and resolutions and either establish rules and regulations or authorize disaster councils to recommend to the Director of the local emergency organization rules and regulations for dealing with local emergencies that can be adequately dealt with locally; and further may act to carry out mutual aid on a volunteer basis and, to this end may enter into agreements.

This request for Council approval of the 2005 Emergency Operations Plan is consistent with the aforementioned regulation.

FISCAL IMPACT: Any costs incurred in the production, distribution, and execution of training related to the Emergency Operations Plan is subsidized under the State of California Emergency Management Performance Grant.

Agenda Item #21

Prepared By:

Police Commander

Approved By:

Chief of Police

Submitted By:

City Manager

PURPOSE

The Executive Summary addresses key elements of the City's planned response to extraordinary emergency situations associated with conditions of disaster or of extreme peril to the safety of persons, property and/or the environment by natural or human causes.

CONCEPT OF OPERATIONS

The City of Morgan Hill Emergency Operations Center (EOC) utilizes the State of California Standardized Emergency Management System (SEMS) as the emergency management response structure for disaster operations. As guidance becomes available, the provisions of the National Incident Management Systems (NIMS) will be incorporated into operation of the EOC.

GENERAL POLICIES

Operational Priorities

Establishing operational priorities in conducting emergency operations is a major function of emergency management. The general priorities are:

- Protecting lives
- Meeting the immediate needs of people (rescue, medical care, food, shelter, clothing)
- Temporary restoration of facilities essential to the health, safety and welfare of individuals (sanitation, water, electricity, road, street and highway repairs).
- Protecting property
- Preserving the environment
- Meeting the rehabilitation needs of people (temporary housing, food stamps, employment).

Emergency Management Policies

The following policies are established by the City Disaster Council to guide the efforts of the government in planning for, and responding to, emergencies.

1. Each element of the emergency management organization will operate according to the provisions of the appropriate Annex referred to in this plan, and appropriate California Law, Administrative regulations, County Ordinances and the City Code. Pertinent SOPs developed within the County, City, special districts and other represented agencies will also apply.
2. Priority will be given to the following operations:

- Disseminating warning, emergency public information, and other advice and action instructions to the public.
- Surveying and evaluating the emergency situation.
- Mobilizing, allocating, and positioning personnel and equipment.
- Conducting evacuation and/or rescue operations as required.
- Providing for the care and treatment of casualties.
- Providing for the mass care (food, lodging, etc.) needs of those displaced.
- Documenting and identifying the deceased.
- Enforcing police powers in controlling the locations and movement of people, establishing access controls, erecting traffic barricades, etc.
- Implementing health and safety measures.
- Protecting, controlling, and allocating vital resources.
- Advising industry, schools, and businesses of possible phased shutdowns.
- Restoring or activating essential facilities and systems.
- Informing State, County and adjacent governmental levels of the status of the emergency.

3. When local resources are committed to the maximum and additional material and/or personnel are required to respond to the emergency / disaster, requests for mutual aid will be initiated. Departments are authorized to request or render mutual aid directly through established mutual aid channels. Any action which involves financial outlay by the City of Morgan Hill, or a request for military assistance must be authorized by the City Manager or designated representative.

If the situation warrants, a LOCAL EMERGENCY will be proclaimed. The Morgan Hill EOC, Santa Clara County / Santa Clara Operational Area EOC and other local EOCs may be activated and staffed as needed. The State OES structure will be advised accordingly.

SEMS FUNCTIONS

The Emergency Operations Center (EOC) is organized using the California Standardized Emergency Management System (SEMS). Emergency operations are divided into five basic SEMS functions:

Management Section Annex	<i>(Annex A)</i>
Operations Section Annex	<i>(Annex B)</i>
Planning / Intelligence Section Annex	<i>(Annex C)</i>
Logistics Section Annex	<i>(Annex D)</i>
Finance / Administration Annex	<i>(Annex E)</i>

An overview of each function is included in the Standardized Emergency Management System (SEMS) section of this plan under the heading “SEMS Functions.”

I. BASIC PLAN

Introduction

This is an “all-hazards” emergency plan. It is based on various emergency response functions, such as the enforcement of laws and the protection of the public health. Each function is briefly described in a separate annex, and each annex includes job-specific checklists designed to cover all hazards.

The Morgan Hill Emergency Operations Plan addresses the planned response to and recovery from, conditions of disaster or of extreme peril to the safety of persons, property and the environment, by natural or human causes, affecting the City of Morgan Hill and its Sphere of Influence.

This plan delineates the City emergency management organization. Further, the plan identifies policies, priorities, responsibilities and procedures for the Emergency Operations Center.

The plan establishes the framework for implementation of the California Standardized Emergency Management System (SEMS), within the City of Morgan Hill and guides its relationship with other levels of government as well as field level Incident Commander.

This plan should be used in conjunction with the State of California Emergency Plan, the Santa Clara Operational Area Interim Agreement, Santa Clara County Emergency Plan, as well as plans and SOPs of contract agencies and Special Districts.

The plan has been organized to help answer two basic questions: "Who's in charge?" and "What should I do?" The plan is designed to guide the EOC Staff through the Response and some of the Recovery phases. It is divided into the following parts:

PART ONE is the Basic Plan. It describes the basic concept of emergency management and answers the question, "Who is in charge?" Part I focuses on the preparedness phase. The "Basic Plan" describes the structure of the City of Morgan Hill emergency management organization¹, its responsibilities and the operational concepts for all-hazard emergencies.

PART TWO consists of annexes that describe each response function in detail. Part Two answers the question, "What should I do?" It focuses on initial emergency response. As the initial operations guide, it contains a series of checklists designed to provide EOC level responders with the basic considerations and actions necessary for immediate emergency response. It also provides City EOC level responders with the Incident Command System (ICS) framework to implement SEMS.

¹ Morgan Hill Municipal Code §2.44.090

Goal

The goal of this Plan is to guide the City's response to major emergencies / disasters.

Objectives

Specific objectives to meet this goal include:

- Manage and coordinate the City's emergency response efforts.
- Coordinate information collection and use of City resources.
- Coordinate and support mutual aid assets entering and leaving the City.
- Prioritize needs for support between City departments.
- Commence a timely and efficient recovery effort.
- Identify hazards which require future mitigation efforts.
- Encourage pre-planning coordination between City departments, contract agencies, special districts and volunteer resources.

Priorities

- Save human lives.
- Protect private and public property.
- Provide for the needs of survivors.
- Provide emergency public information.
- Preserve the government.
- Restore essential services.
- Protect the environment.

II. ACTIVATION OF THIS PLAN

This Plan is activated on order of the City Manager / Director of Emergency Services or designated representative, in response to threatened or actual emergencies or disasters which may affect the City of Morgan Hill.

Other times when the Plan will be activated include:

- On order of the Director, or designated representative, of the Santa Clara Operational Area, when the existence or threatened existence of a **LOCAL EMERGENCY** has been proclaimed in accordance with the Santa Clara County Emergency Services Ordinance (A-8).
- When the Governor has proclaimed a **STATE OF EMERGENCY** in an area that includes the City of Morgan Hill.
- By a Presidential Declaration of a **NATIONAL EMERGENCY**.
- On the existence of a **STATE OF WAR EMERGENCY**.²

EOC Activation and Deactivation Authority

The following personnel are authorized to activate the City of Morgan Hill Emergency Operations Center (EOC):

- City Manager/ Director of Emergency Services
- The Chief of Police/ Assistant Director of Emergency Services
- The Acting City Manager, in the absence of the City Manager
- Any City Department Head, in the absence of the acting City Manager

These personnel have the responsibility to determine whether the emergency condition requires the partial or full mobilization of the City Emergency Operations Organization to staff the City EOC.

Deactivation will occur at the direction of the Director, Emergency Services or designee. Deactivation may occur in stages (levels).

² As defined in California Government Code 8558(a)

III. RESPONSE LEVELS

The response to natural or man-made emergencies or disasters affecting the City of Morgan Hill will be dictated by the overall impact of the event, rather than the type of event. The scope of the emergency or disaster, its associated hazards and affected area(s), and the hour the event occurs, will generally determine response activities.

For planning purposes, the Governor's Office of Emergency Services has established three response levels. These graded levels provide planning guidance for a phased response approach to specific situations. The Santa Clara County/Santa Clara Operational Area has also adopted the graded levels approach in its decision process.

General Criteria for an EOC Activation

- Resources beyond the local capabilities are/ will be required.
- The emergency may/will be of a long duration.
- Major policy decisions may/will be needed.
- A local or state emergency has been declared.
- Activation of the EOC will be advantageous to the successful management of the emergency / disaster.

Additional Criteria for an EOC Activation

SEMS regulations also contain additional criteria for each SEMS level. These are stated elsewhere in this plan.

Advantages to a Partial EOC Activation

- Reduced personnel costs.
- Earlier and more effective monitoring of the emergency.
- Facilitate early tracking of resources.
- Allow for a more rapid mobilization of the EOC, when needed.

Activation Factors

- Nature, scope and expected duration of the emergency / disaster.
- Extent of activation of higher and adjacent jurisdiction's EOCs.
- Functions needed to support EOC activities.

The EOC Activation Process

Upon notification of the existence of a threat to public safety, property or the environment, (e.g., winter storm, possible flooding), the City Manager will call together key city staff to discuss the scope of the incident/emergency and make a decision regarding EOC activation and the level of activation. Specifically, these response levels are:

Level I. A minor to moderate incident which can be mitigated by available City emergency responders with standard equipment. A **LOCAL EMERGENCY** may be proclaimed by the city council, if in session, or by the director of emergency services. The EOC may be activated and selected City Officials recalled, based upon coordination and public information needs.

Example: A “winter storm with heavy rain for several days and possible potential flooding” notification from Santa Clara Valley Water District (SCVWD) or National Weather Service (NWS).

Activate: EOC Director, PIO Section Chief (City Clerk), Operations Section Chief (Police Chief), Plans/Intel Section Chief (Community Development Director), Logistics Section Chief (Public Works Director), Emergency Services Coordinator and other EOC staff/liaison as needed.

Standby Alert: Law Enforcement Branch, Fire & Rescue Branch, the Public Works/Utilities Branch, the Planning and Intelligence Situation Unit, the Legal Advisor, the Resources Branch, the Community Services Branch, the Red Cross Unit, the Amateur Radio Emergency Service (ARES) Coordinator, the CERT Coordinator and the Medical Reserve Corps (MRC) Director.

Notify: Santa Clara Operational Area Coordinator (County OES)

Level II. A moderate to severe emergency which may require regional or statewide mutual aid to supplement Santa Clara Op Area resources. The Santa Clara Operational Area EOC will be activated and the City of Morgan Hill EOC will be activated. Key City officials and some support staff will be recalled to provide inter-jurisdictional and/or multi-jurisdictional coordination.

Example: Verification that flooding is imminent/occurring within neighborhood(s).

Activate: Level I staff plus Law Enforcement Branch, Fire and Rescue Branch, the Public Works/Utilities Branch, additional PIO, ARES Emergency Coordinator, Community Services Branch, the Red Cross Unit, the CERT Coordinator, the Medical Reserve Corps (MRC) Director and other EOC staff/liaison as needed. (Evaluate EOC need for 24 hour operation.)

Standby Alert: Finance Section Chief, the Schools Branch, Care & Shelter Unit, the Logistics Section, Supply Branch, Technical Support Branch, Communications Branch, the Personnel Branch, Convergent Volunteer Center and the Facilities Coordinator, Safety Officer and Liaison Officer.

Notify: Santa Clara Operational Area Coordinator (County OES)

Level III. A major local or regional emergency or disaster in which the Santa Clara Operational Area resources are overwhelmed and extensive state and/or federal assistance is required. Response and initial recovery operations will be coordinated from the EOCs. **LOCAL and STATE** emergencies will be proclaimed and a **PRESIDENTIAL DECLARATION** will be requested.

Example: Actual flooding of neighborhood(s), evacuation and sheltering required.

Activate: Level II plus Finance Section, Care & Shelter Unit, the Logistics Section, Supply Branch, Communications Branch, the Personnel Branch, Convergent Volunteer Center and the Facilities Coordinator. (Prepare EOC for 24 hour operations.)

Standby Alert: EOC second and third shifts and any non-activated units.

Notify: Santa Clara Operational Area Coordinator (County OES)

IV. OBJECTIVES

City EOC Management, Direction and Control

The City of Morgan Hill Emergency Operations Center (EOC) will utilize multi/interagency coordination as defined in the State's Standardized Emergency Management System (SEMS). Morgan Hill's Emergency Operations Center (EOC) is managed by the Director of Emergency Services (City Manager or designee).

Concept of Operations

Emergency operations address the entire spectrum of contingencies, ranging from relatively minor incidents, such as a utility failure, to large scale disasters such as an earthquake. Some emergencies will be preceded by a build-up or warning period, providing sufficient time to warn the public and implement mitigation measures designed to reduce loss of life, property damage and affects on the environment. Other emergencies occur with little or no advance warning, thus requiring immediate activation of the Emergency Operations Plan, and efficient and coordinated mobilization and deployment of resources. City departments and agencies must be prepared to respond promptly and effectively to any foreseeable emergency, including the provision for, and utilization of, mutual aid assets.

Coordination With Other Emergency Responders

The City of Morgan Hill has identified the jurisdictions, special districts, community-based organizations (CBOs), volunteer agencies, private agencies (Non Government Organizations [NGOs]) that operate within the City's geographical area and Sphere of Influence. Many will have a response role during an emergency or disaster. Their roles will be coordinated by the Office of Emergency Services (OES), usually through pre-executed Memorandums of Understanding (MOUs) or contracts, and may include:

American Red Cross, Santa Clara Chapter (MOU January 1991)
Community Solutions, Inc.
Faith-based organizations
Morgan Hill Amateur Radio Organization
Local medical clinics & laboratories
Local veterinary clinics
Morgan Hill Unified School District
Mount Madonna Y.M.C.A
Senior Center
South County Neighborhood Disaster Preparedness Project, Inc.
Volunteer Center of Silicon Valley (MOU November 2003)



CITY COUNCIL STAFF REPORT

MEETING DATE: SEPTEMBER 21, 2005

Agenda Item #22

Prepared By:

Jack Dilles

Submitted By:

City Manager

WATER RATES

RECOMMENDED ACTION:

The City Council take no action regarding water rates or perchlorate surcharges, thus keeping the adopted series of rate adjustments in effect.

EXECUTIVE SUMMARY: Resolution No. 5766 reads as follows: "...The Finance Director shall report to the City Council by each September 30th prior to January 1 of 2005, 2006, and 2007, regarding the need for previously adopted upcoming rate adjustments and rate surcharges approved by the City Council on February 5, 2003, and January 21, 2004, to be effective on the following January 1. The adjustments or surcharges, effective on each January 1 implementation date, shall not be implemented if the City Council, based upon the Finance Director's report, eliminates the January 1 adjustments or surcharges. The Finance Director's annual report shall analyze whether the January 1 adjustments are necessary to provide for anticipated costs through June 30 of the fourth year following the report, and to maintain reserves equal to the following:

- | | | |
|----|--------------------------------|----------------------|
| a. | Operating Reserve amounting to | \$1.8 million |
| b. | Capital Reserve amounting to | \$1.2 million |
| c. | Rate Stabilization Reserve | <u>\$1.3 million</u> |
| | Total required Reserves | \$4.3 million |

In addition, the Finance Director's report shall analyze whether the amount of surcharges collected from rate payers is sufficient to finance all anticipated perchlorate related costs through June 30 of the fourth year following the report..."

Based upon the the Finance Director's report, the Utilities and Environment Committee recommended at their August 31 meeting that the City Council take no action at this time to reduce the 2% rate increase or 5% perchlorate surcharge increase, both of which are scheduled to become effective on January 1, 2005. Staff has concluded that both increases are necessary. Attachment A shows that the City's water enterprise fund balance is projected to reach \$3.6 million at June 30, 2009, or \$0.7 million less than the \$4.3 million reserve requirement summarized above, assuming that scheduled 2% rate increases occur on January 1, 2006 and on January 1, 2007, that the scheduled 5% perchlorate surcharge occurs on January 1, 2006, and that the scheduled additional January 2007 perchlorate surcharge increase does not occur. Staff notes there is potential volatility in water usage, Santa Clara Valley Water District pump tax rates, and capital project needs. Attachment B summarizes past and projected perchlorate surcharge revenues and costs. This schedule shows that perchlorate related costs have exceeded revenues by \$1.3 million through June 2005. Attachment B also projects that, at June 30, 2009, cumulative perchlorate revenues will equal cumulative costs. The January 2006 increase will bring the surcharge to 15%.

A typical single family residential customer who uses 19 units will see their average monthly bill rise by \$2.44 to \$39.27 and a typical multi-family customer who uses 6 units will see their average monthly bill rise by \$0.82 to \$13.21. Commercial and industrial customers will also see their rates increase by 7%.

FISCAL IMPACT: The scheduled January 1, 2006, 2% water rate and 5% perchlorate surcharge increases are necessary to pay for vital public services. The scheduled 2% water rate increase will bring in approximately \$124,000 more in revenue per year, while the scheduled 5% perchlorate surcharge will bring in approximately \$312,000 per year. Special counsel is aggressively pursuing recovery of all perchlorate related costs so that rate payers may be credited for amounts collected.

PROJECTED ACTIVITY FOR WATER FUNDS
9/21/2005

ATTACHMENT A

	Actual 2002/03 Activity	Actual 2003/04 Activity	Staff Projected 2004/05 Activity	Staff Projected 2005/06 Activity	Staff Projected 2006/07 Activity	Staff Projected 2007/08 Activity	Staff Projected 2008/09 Activity	Staff Projected 02/03-06/07 Activity
Operations Fund beginning fund bal.	3,835,880	2,589,609	3,278,100	4,040,017	3,088,762	2,716,669	2,627,689	3,835,880
Revenues - including 2% rate increases	5,695,637	6,273,934	6,007,972	6,229,900	6,481,588	6,677,332	6,810,879	44,177,241
Adopted add'l 5% perchlorate surcharges		70,046	389,000	718,000	975,000	1,002,000	1,023,000	4,177,046
Revenues - SCVWD perchlorate payments			28,800	88,200				117,000
Revenues - other	663,234	723,149	494,282	636,488	655,583	675,250	695,508	4,543,493
Revenues - interest earnings	145,119	71,827	128,889	241,714	116,000	107,000	87,000	897,549
Total revenues	6,503,990	7,138,956	7,048,943	7,914,302	8,228,171	8,461,582	8,616,386	53,912,330
Operating Costs besides water purchases*	(5,112,024)	(4,818,937)	(5,071,307)	(5,677,509)	(5,847,834)	(6,023,269)	(6,203,967)	(38,754,848)
Water purchase costs	(952,360)	(1,466,348)	(1,504,943)	(1,697,296)	(1,852,429)	(2,012,293)	(2,177,744)	(11,663,414)
Non-capital Perchlorate costs	(25,877)	(585,826)	(604,539)	(610,000)	(500,000)	(515,000)	(530,450)	(3,371,692)
Carryover encumbrances				(180,752)				(180,752)
Transfers In/(Out) (stabilization fund)	-	850,000	-	(700,000)	(400,000)			(250,000)
Transfers In/(Out) (capital projects fund)	(1,200,000)	-	-	-	-		(600,000)	(1,800,000)
Transfers In/(Out) (loans to impact fund)	(460,000)	(429,354)	893,763	-	-	-	-	4,409
Total costs/transfers	(7,750,261)	(6,450,465)	(6,287,026)	(8,865,557)	(8,600,263)	(8,550,563)	(9,512,162)	(56,016,296)
Operations Fund balance at year-end	2,589,609	3,278,100	4,040,017	3,088,762	2,716,669	2,627,689	1,731,913	1,731,913
 Stabilization Fund beginning fund bal.	 838,989	 867,429	 26,628	 26,767	 728,275	 1,166,275	 1,214,275	 838,989
Revenues (interest earnings)	28,949	9,750	633	2,000	38,000	48,000	50,000	177,332
Costs	(509)	(551)	(494)	(492)	0	0	0	(2,046)
Transfers In/(Out) - Operations Fund		(850,000)	-	700,000	400,000	-	-	250,000
Total costs/transfers	(509)	(850,551)	(494)	699,508	400,000	-	-	247,954
Stabilization Fund Balance at year-end	867,429	26,628	26,767	728,275	1,166,275	1,214,275	1,264,275	1,264,275

* Encumbrances are shown in year in which funds are expended

PROJECTED ACTIVITY FOR WATER FUNDS
9/21/2005

ATTACHMENT A

	Actual 2002/03 <u>Activity</u>	Actual 2003/04 <u>Activity</u>	Staff Projected 2004/05 <u>Activity</u>	Staff Projected 2005/06 <u>Activity</u>	Staff Projected 2006/07 <u>Activity</u>	Staff Projected 2007/08 <u>Activity</u>	Staff Projected 2008/09 <u>Activity</u>	Staff Projected 02/03-06/07 <u>Activity</u>
Capital Project beginning fund balance	4,194,778	3,857,482	3,355,609	3,455,016	1,608,843	801,505	676,167	4,194,778
Revenues (interest earnings)	129,129	84,195	92,978	101,000	48,000	30,000	25,000	510,302
Bond proceeds			2,115,820					2,115,820
Olin reimbursement	-	715,146	64,097	-	-	-	-	779,243
Total revenues	129,129	799,341	2,272,895	101,000	48,000	30,000	25,000	3,405,365
Costs - capital projects	(1,666,425)	(896,015)	(2,003,945)	(780,922)	(750,000)	(50,000)	(610,000)	(6,757,307)
Costs re-budgeted from prior year	-	-	-	(135,416)	-	-	-	(135,416)
Plus encums carried over from p/y:	-	-	-	(925,497)	-	-	-	(925,497)
New revenue bond debt service			(62,325)	(105,338)	(105,338)	(105,338)	(105,338)	(483,677)
Bond issuance costs			(107,218)					(107,218)
Transfers In/(Out) - (Impact Fee Fund)		(405,199)						(405,199)
Transfers In/(Out) - (Operations Fund)	1,200,000	-	-	-	-	-	600,000	1,800,000
Total costs/transfers	(466,425)	(1,301,214)	(2,173,488)	(1,947,173)	(855,338)	(155,338)	(115,338)	(7,014,314)
Capital Project Fund Balance-year-end	3,857,482	3,355,609	3,455,016	1,608,843	801,505	676,167	585,829	585,829
Total Water Rate Fund Bals.-Yr-End	7,314,520	6,660,337	7,521,800	5,425,880	4,684,449	4,518,131	3,582,017	3,582,017
Less: perchlorate related portion of Fund Balance:								14,304
Total Water Rate Fund Bals.-Yr-End (net of perchlorate related balance):								3,596,321

* Encumbrances are shown in year in which funds are expended

COUNCIL POLICY GOALS:**OPERATIONS****\$1.8 MILLION****STABILIZATION****\$1.3 MILLION****CAPITAL PROJECTS****\$1.2 MILLION****TOTAL****\$4.3 MILLION**

SUMMARY OF PERCHLORATE COSTS

ATTACHMENT B

	<u>Actual</u> <u>2001/02</u>	<u>Actual</u> <u>2002/03</u>	<u>Actual</u> <u>2003/04</u>	<u>Estimated</u> <u>Actual</u> <u>2004/05</u>	<u>Projected</u> <u>2005/06</u>	<u>Projected</u> <u>2006/07</u>	<u>Projected</u> <u>2007/08</u>	<u>Projected</u> <u>2008/09</u>	<u>Totals</u>
REVENUES:									
OLIN REIMBURSEMENTS			<u>715,146</u>	<u>64,097</u>			<i>TBD***</i>	<i>TBD***</i>	<u>779,243</u>
SCVWD PAYMENTS				<u>28,800</u>	<u>88,200</u>				<u>117,000</u>
SURCHARGES									
4/1/2004			70,046	300,000	312,000	325,000	334,000	341,000	
1/1/2005				89,000	312,000	325,000	334,000	341,000	
1/1/2006					94,000	325,000	334,000	341,000	
1/1/2007						-	-	-	-
			<u>70,046</u>	<u>389,000</u>	<u>718,000</u>	<u>975,000</u>	<u>1,002,000</u>	<u>1,023,000</u>	<u>4,177,046</u>
TOTAL REVENUES			<u>785,192</u>	<u>481,897</u>	<u>806,200</u>	<u>975,000</u>	<u>1,002,000</u>	<u>1,023,000</u>	<u>5,073,289</u>
COSTS:									
NEW WELLS	(106,216)	(580,298)	(192,638)	(478,843)	(329,298)	-			(1,687,293)
OPERATIONS		(14,728)	(378,076)	(302,234)	(410,000)	(400,000)	(412,000)	(424,360)	(2,341,398)
LEGAL/TECH		(11,149)	(207,750)	(302,305)	(200,000)	(100,000)	(103,000)	(106,090)	(1,030,294)
TOTAL COSTS	<u>(106,216)</u>	<u>(606,175)</u>	<u>(778,464)</u>	<u>(1,083,382)</u>	<u>(939,298)</u>	<u>(500,000)</u>	<u>(515,000)</u>	<u>(530,450)</u>	<u>(5,058,985)</u>
NET BALNCE	<u>(106,216)</u>	<u>(606,175)</u>	<u>6,728</u>	<u>(601,485)</u>	<u>(133,098)</u>	<u>475,000</u>	<u>487,000</u>	<u>492,550</u>	<u>14,304</u>
CUMULATIVE	<u>(106,216)</u>	<u>(712,391)</u>	<u>(705,663)</u>	<u>(1,307,148)</u>	<u>(1,440,246)</u>	<u>(965,246)</u>	<u>(478,246)</u>	<u>14,304</u>	

TBD: to be determined: Special counsel is aggressively pursuing recovery of all perchlorate related costs so that rate payers may be credited for amounts received from Olin.



CITY COUNCIL STAFF REPORT

MEETING DATE: SEPTEMBER 21, 2005

TITLE: FY 2004/05 GENERAL FUND YEAR-END ANALYSIS

RECOMMENDED ACTION(S):

- 1) Receive and file.**

EXECUTIVE SUMMARY:

Part of the annual budget process is to review the prior year's revenues and expenditures and compare them to the final budget as well as year-end projections. Attached are tables and charts detailing the General Fund's performance in Fiscal Year 2004/05. General Fund year-end revenues received total \$17,757,035 and year-end expenditures and encumbrances total \$19,323,452. The net impact to the General Fund was a deficit of \$1,566,417. The net impact from the Recreation Division was \$1,021,529.

Total General Fund revenues continue to rise. Sales and property taxes are higher compared to the last two fiscal years, and the City realized one complete year of Aquatics Center revenues. Motor Vehicle In-Lieu revenues showed a dramatic decline, compared to prior years, however this was partially offset by the State's VLF In-Lieu Property Tax.

Expenditures also continue to rise due to; increased benefit costs, full operations of the Aquatics Center, debt service payments for the new Police Facility, increased fire service costs and unanticipated legal expenses.

Within the Recreation Division, total revenues collected were \$1,754,508 and total expenditures were \$2,776,037. The final General Fund impact from the Aquatics Center was \$406,236, and the Community Center was \$302,719. Historical impacts from the Recreation Division were \$1,134,777, \$1,182,986 and \$1,021,529 for fiscal years 2002/03, 2003/04 and 2004/05 respectively.

The discretionary support charts shows how much of the 2004/05 General Fund budget was supported by discretionary general taxes and other revenues paid by residents and businesses. As shown, all General Fund costs not recovered through departmental revenues (fees, grants and reimbursements) were fully financed by discretionary revenues. The charts show that 76% of the General Fund expenditures were financed by discretionary revenues; this is similar to prior years.

Please see attached charts and graphs for more details.

FISCAL IMPACT:

For Fiscal Year 2004/05, the net effect on fund balance for the General Fund was a reduction of \$1,566,417.

Agenda Item # 23

Prepared By:

Budget Manager

Approved By:

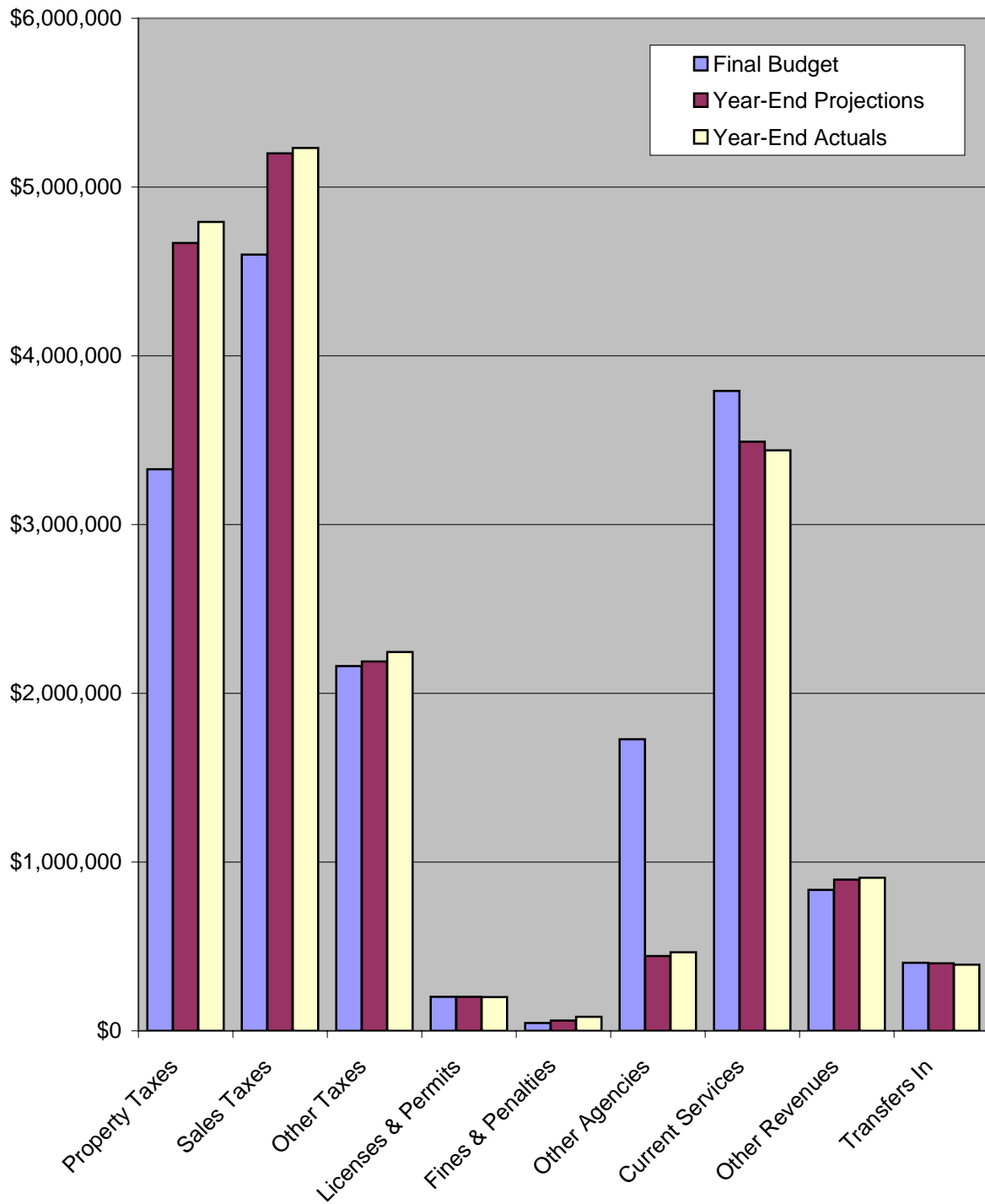
Finance Director

Submitted By:

City Manager

FY 2004/05 GF Revenues

Projections vs. Actuals (by categories)



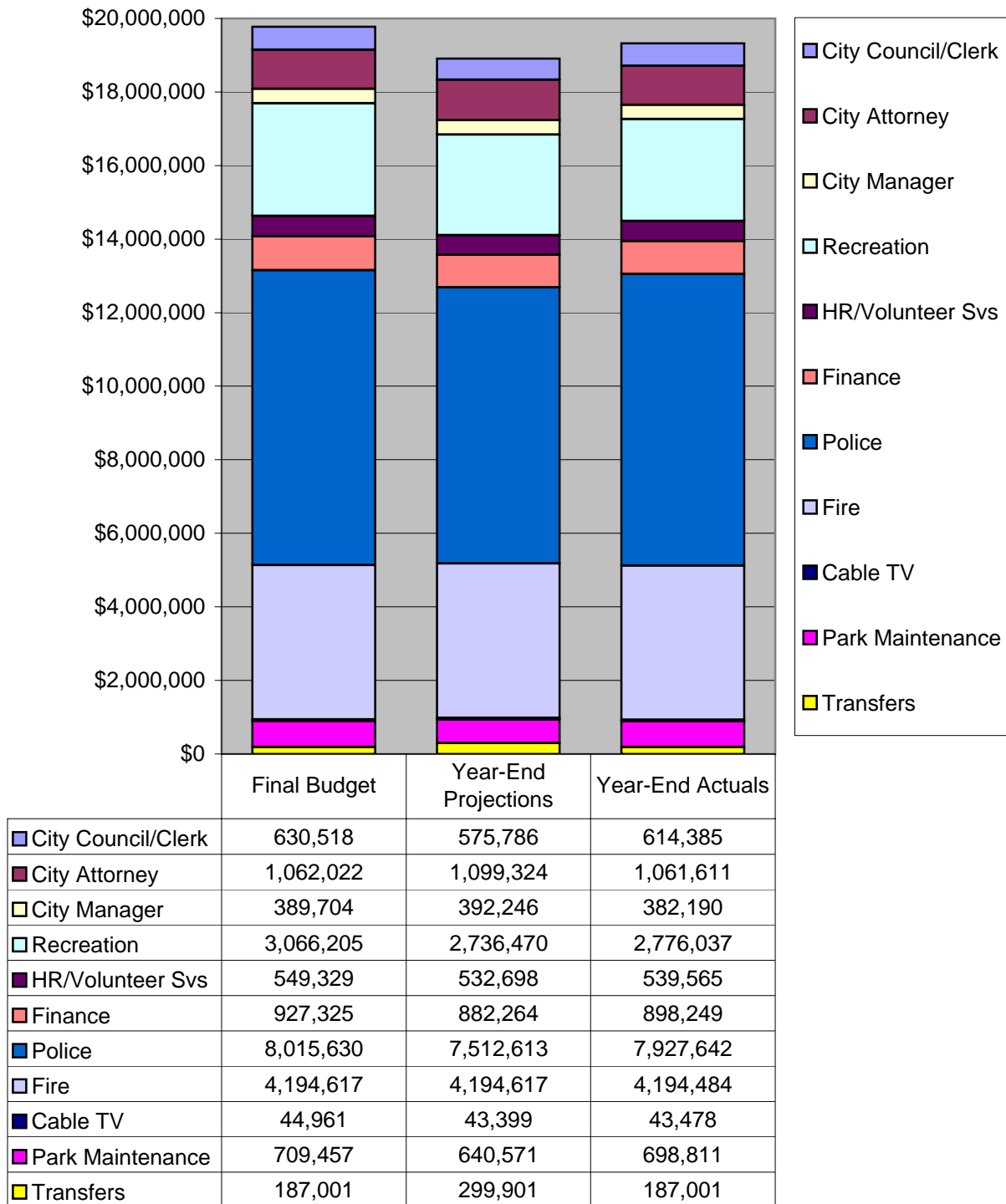
FY 2004/05
Year-End Revenue Analysis

	FY 02/03	FY 03/04	FY 04/05 Final Budget	FY 04/05 YE Budget Projections ⁽¹⁾	FY 04/05 Year-End Revenues
	Actual	Actual			
General Fund					
Property Taxes (Sec. & Unsecured)	2,135,445	2,363,025	2,803,396	2,587,009	2,243,995
VLF In-Lieu Property Tax	-	-	-	1,888,944	1,888,943
ERAF III Shift Property Tax	-	-	-	(342,961)	(342,961)
Supplemental Roll	179,659	159,891	157,500	167,886	266,482
RDA Pass Thru	-	-	-	-	318,966
Sales Tax	4,636,927	4,119,830	4,600,000	5,200,000	5,231,224
Transient Occupancy Taxes	882,194	874,605	945,000	946,178	956,327
Franchise (Refuse, Cable, PG&E)	966,134	975,498	965,000	990,000	995,298
Public Safety Sales Tax	264,603	240,528	252,000	252,000	293,736
Property Transfer Tax	288,411	479,537	367,500	367,500	417,660
Total Taxes	9,353,373	9,212,914	10,090,396	12,056,556	12,269,670
Business License	150,636	154,607	155,000	155,000	156,710
Other Permits	45,573	48,177	46,720	46,850	42,812
Total Licenses/Permits	196,209	202,784	201,720	201,850	199,522
Parking Enforcement	8,760	12,980	12,000	10,000	13,360
City Code Enforcement	69,792	59,987	35,000	51,459	70,166
Total Fines And Penalties	78,552	72,967	47,000	61,459	83,526
Motor Vehicle In-Lieu	2,035,157	1,566,611	1,423,800	183,278	220,868
Other Rev.-Other Agencies	163,211	251,759	304,400	260,687	245,250
Total Other Agencies	2,198,368	1,818,370	1,728,200	443,965	466,118
False Alarm Charge	33,576	28,391	20,000	25,000	24,778
Business License Appl. Review	1,409	291	-	630	627
Community & Cultural Center Revenues	137,579	243,133	329,250	272,853	337,159
Aquatics Center Revenues	-	153,402	1,436,859	1,103,329	1,020,690
General Administration Overhead	1,855,934	2,007,978	1,793,851	1,793,851	1,793,851
Other Charges Current Services	192,749	254,197	211,550	295,230	262,328
Total Current Services	2,221,247	2,687,392	3,791,510	3,490,893	3,439,432
Use Of Money/Property	604,550	795,868	819,261	836,420	842,087
Other Revenue	252,240	72,271	16,500	59,817	64,561
Total Other Revenue	856,790	868,140	835,761	896,237	906,647
Transfers In - Sewer Fund	17,500	17,500	20,000	20,000	20,000
Transfers In - Water Fund	17,500	17,500	20,000	20,000	20,000
Transfers In - Public Safety	270,000	273,000	175,000	175,000	175,000
Transfers In - Other Funds	620,332	469,058	188,100	184,657	177,119
Total Transfers In*	925,332	777,058	403,100	399,657	392,119
Total General Fund	15,829,870	15,639,626	17,097,687	17,550,617	17,757,035

⁽¹⁾ Projected for FY 05/06 Budget Process on 05/18/2005

FY 2004/05 GF Expenditures

Total Expenditure Projections vs. Actuals+Encumbrances



FY 2004/05
Year-End Expenditure Analysis

	FY 02/03	FY 03/04	FY 04/05 Final Budget	FY 04/05 YE Budget Projections ⁽¹⁾	FY 04/05 Year-End Exp+Enc
	Actual	Actual			

By Program					
City Council	177,131	213,924	224,848	196,133	231,461
Community Promotions	43,496	31,685	28,114	28,004	31,688
City Attorney	851,468	627,170	1,062,022	1,099,324	1,061,611
Transfers Out	537,000	111,354	187,001	299,901	187,001
City Manager	354,978	363,057	318,659	317,044	315,997
Recreation	522,839	540,619	285,551	292,814	312,574
Community & Cultural Center	549,588	553,440	1,346,160	1,055,714	1,036,609
Aquatics Center	-	357,381	1,434,494	1,387,942	1,426,926
Indoor Recreation Center	-	-	-	-	-
Human Resources	546,316	543,938	493,417	481,906	488,692
Volunteer Program	26,512	23,724	55,912	50,792	50,874
City Clerk	239,532	237,965	277,261	266,616	265,072
Elections	49,454	63,476	100,296	85,033	86,165
Finance	1,005,030	906,204	927,325	882,264	898,249
Medical Services	115,000	-	5,000	-	-
PD Administration	418,289	498,399	614,784	596,721	663,158
PD Field Operations	3,056,723	3,102,567	4,121,520	3,764,613	4,044,529
PD Support Services	843,508	884,628	949,449	875,574	915,799
PD Emergency Services	51,309	64,264	50,265	25,739	20,339
PD Special Operations	840,131	1,041,830	1,203,958	1,307,587	1,345,452
Fire Services	3,623,938	3,744,977	4,194,617	4,194,617	4,194,484
Cable Television	58,461	42,641	44,961	43,399	43,478
Communications & Marketing	101,416	100,768	71,045	75,202	66,193
Building Maintenance (CCC)	244,632	507,457	-	-	(72)
Park Maintenance	834,892	730,734	709,457	640,571	698,811
Animal Control	104,119	87,709	86,078	87,139	89,950
Dispatch Services	730,030	817,607	989,577	855,240	848,415
Total General Fund	15,925,791	16,197,519	19,781,770	18,909,889	19,323,452

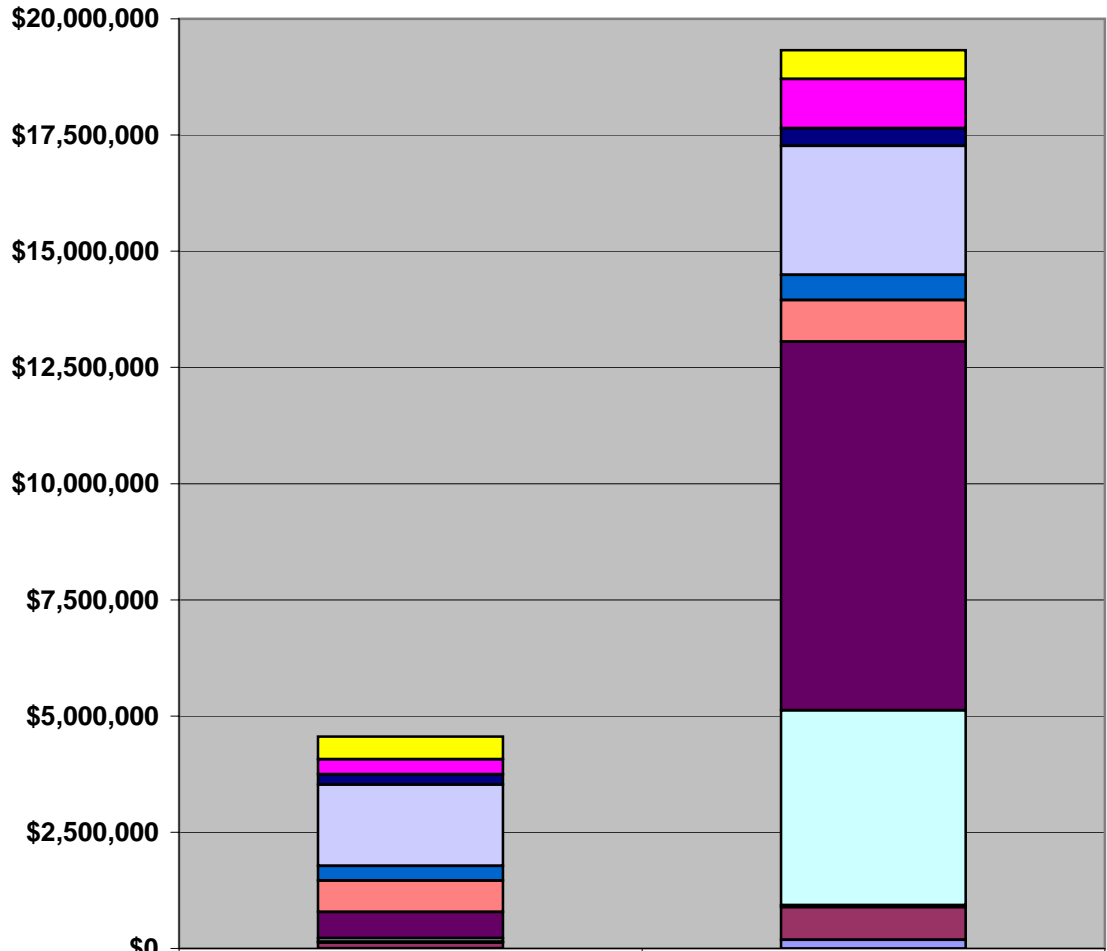
By Department/Division					
City Council/Clerk	509,613	547,050	630,518	575,786	614,385
City Attorney	851,468	627,170	1,062,022	1,099,324	1,061,611
City Manager	456,394	463,825	389,704	392,246	382,190
Recreation	1,317,059	1,958,898	3,066,205	2,736,470	2,776,037
HR/Volunteer Services	572,828	567,662	549,329	532,698	539,565
Finance	1,005,030	906,204	927,325	882,264	898,249
Police	6,044,108	6,497,004	8,015,630	7,512,613	7,927,642
Fire	3,623,938	3,744,977	4,194,617	4,194,617	4,194,484
Cable TV	58,461	42,641	44,961	43,399	43,478
Park Maintenance	834,892	730,734	709,457	640,571	698,811
Transfers	537,000	111,354	187,001	299,901	187,001
Non Departmental	115,000	-	5,000	-	-
Total General Fund	15,925,791	16,197,519	19,781,770	18,909,889	19,323,452

⁽¹⁾ Projected for FY 05/06 Budget Process on 05/18/2005

	FY 02/03	FY 03/04	FY 04/05	FY 04/05	FY 04/05
			Final	YE Budget	Year-End
Recreation Analysis	Actual	Actual	Budget	Projections ⁽¹⁾	Exp+Enc
Rec Admin Revenues	-	-	-	-	-
Rec Admin Expenditures	522,839	540,619	285,551	292,814	312,574
Rec Admin Net Impact	(522,839)	(540,619)	(285,551)	(292,814)	(312,574)
CCC Revenues	182,282	622,509	769,250	739,953	733,818
CCC Expenditures	794,220	1,060,898	1,346,160	1,055,714.00	1,036,536.78
CCC Net Impact	(611,938)	(438,388)	(576,910)	(315,761)	(302,719)
Aquatics Revenues	-	153,402	1,436,859	1,103,329	1,020,690
Aquatics Expenditures	-	357,381	1,434,494	1,387,942	1,426,926
Aquatics Net Impact	-	(203,979)	2,365	(284,613)	(406,236)
IRC Revenues	-	-	-	-	-
IRC Expenditures	-	-	-	-	-
IRC Net Impact	-	-	-	-	-
Transfers In-Startup Fund 210	-	-	-	-	-
Recreation Division Rev	182,282	775,912	2,206,109	1,843,282	1,754,508
Recreation Division Exp	1,317,059	1,958,898	3,066,205	2,736,470	2,776,037
Recreation Net Impact	(1,134,777)	(1,182,986)	(860,096)	(893,188)	(1,021,529)

⁽¹⁾ Projected for FY 05/06 Budget Process on 05/18/2005

FY 2004/05 General Fund Discretionary Support

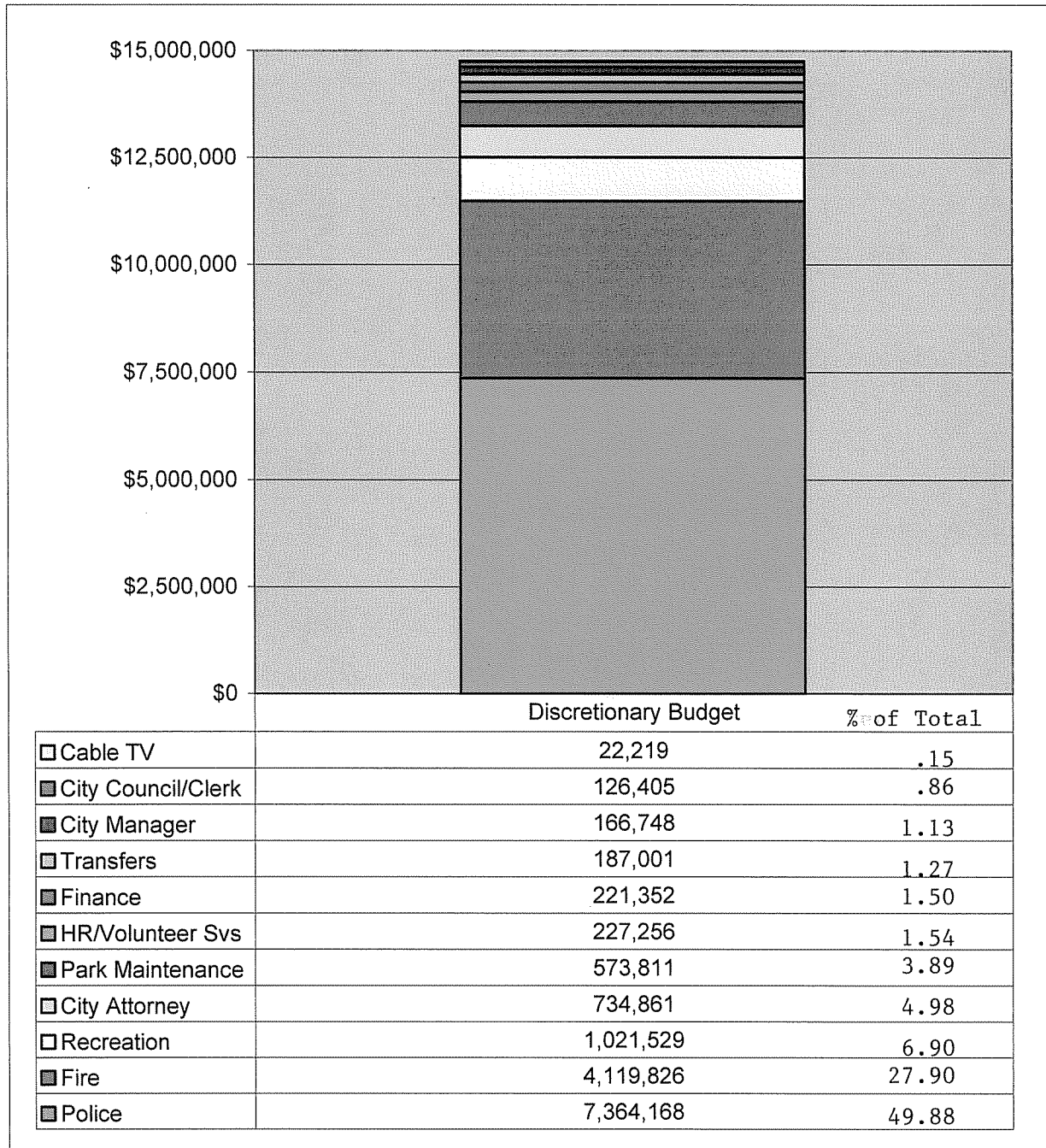


	Discretionary Revenue & Indirect Cost Plan	Actual Expenditures + Encumbrances
City Council/Clerk	487,980	614,385
City Attorney	326,749	1,061,611
City Manager	215,442	382,190
Recreation	1,754,508	2,776,037
Human Resources	312,309	539,565
Finance	676,897	898,249
Police	563,474	7,927,642
Fire	74,658	4,194,484
Cable TV	21,259	43,478
Park Maintenance	125,000	698,811
Transfers	-	187,001

FY 04/05 Discretionary Expenditure

Total General Fund Expenditures	\$ 19,323,452
Less: Department Revenues	(2,764,426)
Indirect Cost Plan	(1,793,851)

Net Discretionary Expenses	<u>\$ 14,765,175</u>
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CITY COUNCIL STAFF REPORT

MEETING DATE: September 21, 2005

COMMUNITY ORIENTED POLICING SERVICES (COPS) UNIVERSAL HIRING PROGRAM GRANT

Agenda Item # 24

**Prepared & Submitted
By:**

City Manager

RECOMMENDED ACTION(S): Consider whether to accept a federal grant which would provide \$150,000 or 16% of the costs of two additional police officers over the next four (4) years.

EXECUTIVE SUMMARY:

More than three (3) years ago, Morgan Hill applied for a grant under the COPS program to allow for assistance in expanding the number of sworn personnel. The federal COPS program is winding down, but four (4) California cities, including Morgan Hill, received allocations in one of the final rounds of funding.

Under the COPS program, the City agrees to match the federal dollars and increase the total police staffing for four (4) years. The grant partially subsidizes the costs over the first three (3) years, but requires that the City commit to maintain the positions for at least one (1) additional year thereafter.

The federal grant and increasing City match are described in the attached memorandum from the Police Chief which also outlines the potential benefits of increasing the patrol strength, and the potential for some offsetting savings in overtime costs. The Feds will provide \$75,000 per officer over the four (4) year period. Over that period, it is estimated the City's costs would be \$395,000 per officer.

The adopted Sustainable Budget Strategy includes a series of budget cuts (which have already taken place) and new revenues (yet to be enacted) just to maintain the current staffing levels. Absent new revenues, the City will experience ongoing annual deficits and depletion of reserves. Even the current level of 33 sworn officers in the Police Department, and other General Fund operations requires the support of new revenues. The most recent budget forecasts which are included for your reference suggest the need for about \$1.3 million of new ongoing discretionary revenues. Alternatively, if the grant is accepted and two (2) new police officers are authorized, it will be necessary to achieve \$1.5 million in new revenues in order to meet the Council's target of balancing the budget by 2008 and maintaining a reserve of 25% of revenues.

As discussed in the Sustainable Budget Strategy, it is unlikely economic development alone can generate the revenue needed to sustain existing staffing levels. For one thing, the forecast already assumes growth in sales tax from existing and planned new retail outlets. Second, certain types of commercial growth, such as regional retail centers, will demand even higher staffing levels, especially in the police department so the "fiscal dividend" would need to be used to pay for additional officers in any event. Finally, as with the Car Dealer Strategy, it may be necessary to use some of the additional sales tax generated to induce the economic development investment in the first place.

We shouldn't spend the fiscal dividend until it arrives. The policy decision to accept the grant involves consideration of service level benefits as outlined in the Chief's report as well as the long range fiscal implications and the need for voter approved tax revenue.

FISCAL IMPACT: Accepting the grant would accelerate the hiring of officers to meet future needs, and increase the requirement for new revenues in order to achieve the Sustainable Budget Strategy.



CITY OF MORGAN HILL POLICE DEPARTMENT

INTEROFFICE MEMORANDUM

Date: September 14, 2005

To: J. Edward Tewes, City Manager

From: Bruce C. Cumming, Police Chief *Bruce C. Cumming*

Subject: Community Oriented Policing Services (COPS) Grant

Hoping to locate Federal funding to help increase the number of police officers in Morgan Hill, Police Department staff originally applied for this COPS Grant in 2002. The application was in "pending status" until recent notification in August, 2005 that the city, along with three other cities in California, had been awarded a grant for \$150,000 over three years to help pay for two full-time police officer positions. As awarded this grant provides \$75,000 per officer over a three-year period. The City must provide the remaining funds that staff estimates to be approximately \$ 265,000 per officer over three years. The terms of the grant require that two officers be added to the department. No supplanting of existing staff is allowed. Moreover, the grant requires that the department retain the two officers for one additional year (for a total of 4 years) after the conclusion of federal funding for an additional cost of \$130,000. A grant alternative that is allowed is to hire only one police officer but under that plan only \$75,000 in funds would be awarded. In addition, the grant dictates that police officers must be assigned to community problem solving efforts using the SARA (Scanning-Analysis-Response-Assessment) model.

Though costly to the city I recommend we accept this grant award for two police officers and that they be added to the Patrol Division. The SARA model supports perfectly the goals and direction of the police department as outlined in the current budget and recent police department reorganization. One of the key elements of the reorganization was to move the department into a more pro-active, problem-solving structure with an ability to execute the work differently and more effectively. And, that is currently being done. Police officers more and more are being directed to solve problems in traditional and non-traditional ways using problem-solving methods, community assistance and professional expertise.

There are other reasons to accept this grant award and add police officers to the current staff. The city continues to grow albeit slowly. With that growth some crime occurrences have increased as well. As an example, this year property crime (burglary, theft and auto theft) climbed by 18 per cent with burglary offenses alone rising 47 per cent over similar periods in 2004. Moreover, arrests are

Memo to J. Edward Tewes, City Manager

up by 12 per cent and calls for service and officer initiated events have risen steadily to over 32,000 per year or about 88 incidents per day. And, increased economic growth in the community, while wholeheartedly positive, has an unfortunate negative impact where crime is involved. For example, preliminary estimates of activity levels at a shopping center the size of the one proposed at Cochrane Road and Highway 101 indicate that ten to twelve calls per day would not be uncommon depending on the types of businesses eventually located there. Depending on the nature of the police calls for service officers might be tied up for minutes on a simple burglary alarm call to hours on a serious crime or traffic accident. In short, a shopping center of this size may cause one officer to be engaged in activities associated with the center for a significant portion of his or her 12-hour shift.

In addition, accepting this award for more officers would help in a small way to lower overtime usage and ease the workload among current officers. While it is true officers have an envious work schedule with three or four days off, they work 12 hours per day, which at times extends into 13 or 14 hours. They also must attend court often during off-duty hours, are frequently asked to work overtime on their days off to supplement patrol staffing and must attend frequent training always during off-duty hours. This can, over time, lead to fatigue and some burnout. Three officers who left the police department this year cited lack of additional staffing and burnout as a partial reason for leaving. And, replacing experienced officers can be very costly, as new officers must spend 14 to 16 weeks in the field-training program. This training alone can cost on average as much as \$30,000 per officer. If they are hired untrained and must also be sent to a police academy the costs for salary and expenses can amount to as much as \$40,000. And, relative to overtime expenses, during FY 2004-05 ending June 30th, the department expended over \$300,000 in overtime expenses largely to fill vacancies in the Patrol Division as a result of open, unfilled positions, and "backfill" overtime to maintain proper staffing of three officers and one supervisor on duty at all times. These shortages are caused by normal absences like vacations, sicknesses and training commitments plus unusual absences like parental leaves, long-term court testimony, and workers compensation injuries. This past year, three moderate term workers comp. injury cases occurred removing officers from the street for several months each, four officers were absent due to parental leave for periods up to four months, and one officer was required to assist with a murder trial for six weeks at the direction of the District Attorney. In a small department such as ours there is little cushion for absences. Each of these losses in staffing causes significant increases in overtime usage. Adding additional police officers to the current staff would provide some relief and lower overtime expenditures some.

Adding additional personnel to the department would also spread the work further among staff freeing officers to work more coordinated and consistently in activities such as problem solving, traffic enforcement and crime suppression. Unlike what is shown on television shows, police work can be tedious and time consuming. Statements must be taken, evidence must be gathered and processed according to law and information must be documented. As you may know simple investigations such as traffic accidents involving drunk drivers or domestic violence investigations involving arrests can easily tie up an officer for four hours because of report writing requirements, booking procedures or medical clearance issues. More serious investigations may tie up the entire shift of officers for many hours.

Adding additional personnel would also assist the department in improving communication particularly in the Patrol Division. Currently we have no "overlap" personnel to provide staffing in the field during shift briefings. So, on most shifts no briefings occur. For example, one shift ends at

Memo to J. Edward Tewes, City Manager

7PM, and the next shift begins at 7 PM. No one is in the field at that time and most often calls for service are waiting to be answered so the oncoming shift must immediately respond to calls eliminating opportunities to exchange important information.

I realize the financial burden that adding additional officers to the general fund will place on current and future budgets and understand that this proposal is not part of the current sustainable strategy plan adopted by the Morgan Hill City Council. I believe however that the police department will, without doubt, have to add more officers in the future due to population and workload increases, as well as issues related to economic growth. I believe that acceptance of this grant will provide at least some financial assistance in that endeavor and will result in some reduced costs most notably in overtime expenditures and expenditures associated with losing experienced officers and the hiring and training of replacement officers.

According to this grant award the federal share of the salaries and benefits for each police officer is as follows: Year 1: \$40,000, Year 2: \$20,000, and Year 3: \$15,000. The approximate city's share per officer will be: Year 1: \$70,000, Year 2: \$90,000 and Year 3: \$105,000 plus a fourth year of full salary and benefits with no federal match (requirement of the grant) of \$130,000. The total amount required in city match funds for this grant is \$790,000 for two officers over four years. The City is required to respond within 90 days (by November 14, 2005) with a response of acceptance, partial acceptance or rejection of the entire grant.

COPS UHP Grant Worksheet (estimate)

1 Police Officer

1 Officer Year 1: Federal Match: \$40,000, City Match: \$ 70,000 Total: \$110,000

1 Officer Year 2: Federal Match: \$20,000, City Match: \$ 90,000 Total: \$110,000

1 Officer Year 3: Federal Match: \$15,000, City Match: \$105,000 Total: \$120,000
Total: \$75,000 \$265,000

1 Officer Year 4 Federal Match: \$0 City Match: \$130,000 Total: \$130,000
Grand Total: **\$75,000 \$ 395,000**

2 Police Officers

2 Officers Year 1: Federal Match: \$80,000, City Match: \$140,000 Total: \$220,000

2 Officers Year 2: Federal Match: \$40,000, City Match: \$180,000 Total: \$220,000

2 Officers Year 3: Federal Match: \$30,000, City Match: \$210,000 Total: \$240,000
Total: \$150,000 \$530,000

2 Officers Year 4: Federal Match: \$ 0 City Match: \$260,000 Total: \$260,000
Grand Total: \$150,000 \$790,000

GENERAL FUND BALANCE PROJECTIONS - NO NEW REVENUE
2001/02 through 2009/10

9/15/2005

This schedule shows that total Fund Balance for the General Fund is projected to drop from \$11.3 million at 7/1/03 to \$3.3 million at 6/30/10 if no new revenue source is realized. The projections generally assume, after 2004/05, a 3% increase in revenues and in expenditures. However, property taxes and sales taxes are projected to increase an average of 5% a year. This schedule accounts for an increase in property tax revenue equal to the significant annual ongoing vehicle in-lieu loss beginning in 2004/05, and includes the State's shift of \$343,000 per year in property taxes away from Morgan Hill for two years (2004/05 and 2005/06). The schedule also reflects the deletion of the \$27,502 annual State booking fee reimbursement as of 2005/06. The projections also do not include sales taxes from any major new businesses in future years. Projections include new Fire Inspection fees anticipated to be implemented in 2005/06. The projections do not factor in any new employee positions other than positions added, beginning in late 2005/06, for the opening of the Indoor Recreation Center in 2006/07. Potential future costs for operating a new fire station, City Hall expansion, and expanded parks maintenance are **not** included in costs.

	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
<i>Beginning Balance</i>	11,260,628	10,898,370	9,353,297	8,896,912	7,898,218	6,614,400	5,020,847
Revenues & Trnfrs In	15,763,617	17,757,036	19,423,609	21,305,259	22,457,556	23,312,961	24,087,092
Exps/Trnsfers Out(5)	<u>(16,125,875)</u>	<u>(19,302,109)</u>	<u>(19,879,994)</u>	<u>(22,303,953)</u>	<u>(23,741,373)</u>	<u>(24,906,514)</u>	<u>(25,839,845)</u>
<i>Ending Balance</i>	10,898,370	9,353,297	8,896,912	7,898,218	6,614,400	5,020,847	3,268,094
Less:Designations(3)	<u>3,746,640</u>	<u>4,341,229</u>	<u>4,743,000</u>	<u>5,216,000</u>	<u>5,513,000</u>	<u>5,739,500</u>	<u>5,947,000</u>
<i>Undesg Fd Balance</i>	<u>7,151,730</u>	<u>5,012,068</u>	<u>4,153,912</u>	<u>2,682,218</u>	<u>1,101,400</u>	<u>(718,653)</u>	<u>(2,678,906)</u>
Operating margin:	<u>(362,258)</u>	<u>(1,545,073)</u>	<u>(456,385)</u>	<u>(998,694)</u>	<u>(1,283,818)</u>	<u>(1,593,554)</u>	<u>(1,752,752)</u>

GENERAL FUND BALANCE PROJECTIONS - NO NEW REVENUE
2001/02 through 2009/10

9/15/2005

REVENUE DETAIL	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
TAXES:							
Property Tax (1)	2,522,916	4,718,386	4,876,031	5,119,833	5,375,824	5,644,615	5,926,846
State prop tax taking		(342,961)	(342,961)				
Sales Tax	4,070,030	5,231,224	5,560,000	5,838,000	6,129,900	6,436,395	6,758,215
TOT Tax	933,041	956,327	974,560	1,003,797	1,033,911	1,064,928	1,096,876
Franchise Fees	975,498	995,298	1,030,700	1,061,621	1,093,470	1,126,274	1,160,062
Pub Sfty Sales Tax	240,528	241,635	264,600	277,830	291,722	306,308	321,623
Property Trnsfr Tax	479,537	469,761	425,000	437,750	450,883	464,409	478,341
TOTAL TAXES	9,221,550	12,269,670	12,787,930	13,738,830	14,375,709	15,042,929	15,741,963
LICENSES/PERMITS	157,394	159,637	161,680	166,530	171,526	176,672	181,972
REVENUE FROM OTHER AGENCIES:							
Motor Vehicle Fee(6)	1,608,533	220,868	819,609	234,319	241,348	248,589	256,047
Other	307,182	245,250	246,400	225,725	232,496	194,666	154,251
TOTAL REV-AGNS	1,915,715	466,118	1,066,009	460,043	473,845	443,255	410,297
FINES/PENALTIES	74,716	83,526	63,500	65,405	67,367	69,388	71,470
CHARGES - CURRENT SERVICES:							
Recrtn/CCC Classes	194,610	334,728	282,400	290,872	299,598	308,586	317,844
Aquatics Revenue (7)	191,030	1,020,691	1,258,500	1,296,255	1,335,143	1,375,197	1,416,453
Indoor Rec. Ctr. Rev. (5)				1,457,000	1,900,000	2,085,000	2,168,000
Gen Admin Overhd	2,007,978	1,793,851	1,791,375	1,845,116	1,900,470	1,957,484	2,016,208
Fire Fees	75,426	74,659	254,000	307,020	313,160	319,424	325,812
Other Charges	264,542	264,843	219,750	226,343	233,133	240,127	247,331
TOTAL CUR SRVS	2,733,586	3,488,772	3,806,025	5,422,606	5,981,504	6,285,817	6,491,648
Interest Earnings	292,016	317,660	295,000	336,000	290,000	233,000	166,000
CCC/Gavilan Rent	386,997	399,090	484,250	498,778	513,741	529,153	545,028
Other Rentals (8)	107,300	127,768	143,750	152,573	152,596	152,620	152,644
Other New Revenues				-	-	-	-
Miscellaneous	97,285	52,676	163,600	24,308	25,037	25,788	26,562
TOTAL OTH REVS	883,598	897,194	1,086,600	1,011,658	981,374	940,561	890,234
TRANSFERS IN							
Park Maintenance	200,000	125,000	125,000	125,000	125,000	125,000	125,000
Sewer/Water/Other	39,058	92,119	66,200	68,186	70,232	72,339	74,509
Public Safety	273,000	175,000	175,000	175,000	175,000	145,000	100,000
Community Rec Ctrs	265,000	-	85,665	72,000	36,000	12,000	-
TOTAL TRFRS IN	777,058	392,119	451,865	440,186	406,232	354,339	299,509
TOTAL REVS/XFRS	15,763,617	17,757,036	19,423,609	21,305,259	22,457,556	23,312,961	24,087,092

GENERAL FUND BALANCE PROJECTIONS - NO NEW REVENUE
2001/02 through 2009/10

9/15/2005

EXPENDITURES (4):	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
City Council	208,279	227,858	242,654	190,137	197,118	203,832	210,111
City Clerk	329,719	382,925	346,863	385,026	354,466	415,916	379,874
City Manager	464,358	382,190	476,924	450,856	470,034	487,962	503,996
Cable TV	42,641	43,478	37,611	39,071	40,388	41,682	42,933
Recreation	539,340	312,574	310,617	327,053	340,414	352,988	364,354
Community & Cul Ctr.	1,051,392	1,036,537	1,279,127	1,331,297	1,378,126	1,424,057	1,468,297
Indoor Rec Center (5)			85,665	1,662,000	2,044,000	2,105,000	2,168,000
Aquatics (7)	356,496	1,426,926	1,403,206	1,454,919	1,503,381	1,551,695	1,599,325
Volunteer Services	23,945	50,874	-	-	-	-	-
Police	6,445,345	7,865,195	8,570,113	9,036,771	9,493,244	9,952,527	10,274,533
Police Debt Serv (2)	-	57,299	218,978	211,982	212,323	212,323	212,323
Add'l Police Debt Service (9)					70,000	80,000	80,000
Fire	3,744,977	4,194,484	4,377,495	4,601,050	4,923,124	5,267,742	5,636,484
City Attorney	627,412	1,061,611	566,191	590,729	612,235	633,130	652,976
Finance	908,489	898,246	980,328	1,005,038	1,047,948	1,087,964	1,123,607
Human Resources	542,618	488,692	488,604	512,589	532,046	550,339	566,850
Park Maintenance	729,510	686,220	710,618	731,436	759,528	786,356	811,181
Less: 2% salary savings			(225,000)	(236,000)	(247,000)	(257,000)	(265,000)
Total Expenditures	16,014,521	19,115,109	19,869,994	22,293,953	23,731,373	24,896,514	25,829,845
Transfers Out:							
General Plan Update	-	9,000	10,000	10,000	10,000	10,000	10,000
Information Services	35,520	49,025					
Employee Assistance	60,000						
Other	15,834	28,975					
Community Centers	-	100,000	-	-	-	-	-
Total Transfers Out	111,354	187,000	10,000	10,000	10,000	10,000	10,000
TOTAL EXPS/TRFS	<u>16,125,875</u>	<u>19,302,109</u>	<u>19,879,994</u>	<u>22,303,953</u>	<u>23,741,373</u>	<u>24,906,514</u>	<u>25,839,845</u>

- (1) Property tax revenues for 2007/08 through 2009/10 assume that Redevelopment Agency tax increment cap of \$147 million is increased.
- (2) Police facility debt service reflects the portion to be paid by the General Fund
- (3) Beginning in 2004/05, the General Fund target reserve has been established as 25% of estimated revenues, excluding transfers in.
- (4) Expenditures for years through 2005/06 include amounts expended for prior year carry-over encumbrances and rebudgeted projects.
- (5) Indoor Recreation Center activities are assumed to break even as of 3rd operating year beginning 9/1/08..
- (6) A one-time loss in Motor Vehicle In-Lieu Fees, amounting to \$592,115 shifted to the State, is reflected in lower revenues in 2003/04 and is offset by a State repayment of \$592,115 received by the City in 2005/06.
- (7) Aquatics activity reflects a net cost ranging from \$140,000 to \$180,000 per year between 2005/06 & 2009/10.
- (8) Other Rentals income assumes that the Morgan Hill Unified School District continues to lease space from the City
- (9) A portion of the Police Impact Fee Fund share of Police Facility debt service will need to be advanced by the General Fund because sufficient impact fees are not expected to be received from developers in time for the scheduled debt service payments.



CITY COUNCIL STAFF REPORT

MEETING DATE: September 21, 2005

CYSA LEASE EXTENSION AT OUTDOOR SPORTS COMPLEX

RECOMMENDED ACTION(S): Authorize the City Manager to extend the lease agreement with CYSA through December 2006; Provide direction to staff on the lease terms and on the request for parking lot and drainage improvements from CYSA.

Agenda Item # 25

Prepared By:

Special Assistant to the
City Manager

Submitted By:

City Manager

EXECUTIVE SUMMARY:

At the July 27, 2005 Council meeting staff reported on the recommended implementation strategies regarding the development of the Outdoor Sports Complex. One of the items discussed was the staff recommendation that the lease with CYSA be extended from October 2005 to June 2006 with a possible further extension to December 2006 depending on the project construction schedule.

Council approved extending the lease of 11 fields with CYSA through June 2006. Furthermore, Council directed staff to negotiate with the understanding that there may be diminished use of fields after June 2006 if construction was to begin. In a meeting with CYSA General Manager and in subsequent conversations, CYSA has asked that improvements be made to the site, and specifically with the parking lot. Per Council direction, staff has discussed with CYSA the possibility of improvements that would be mutually beneficial to both projects based on the Phase One Concept. Unfortunately, without the benefit of completed design plans and schedule, and Council's recent request that the Parks and Recreation Commission review the concept plan, it is difficult to move forward on permanent improvements at this time. Council directed staff to negotiate the terms of the lease extension and return to Council in September.

The first attached memo is from CYSA which expresses their desire to continue the lease agreement and provides a list of one-time grounds and equipment costs that they have requested that the city share. The second memo is an analysis from staff on the requested improvements and suggested terms by CYSA. The third memo is a draft design and construction schedule for the complex compiled by Landscape Architect Lee Steinmetz. Staff is requesting direction from Council prior to proceeding with negotiations.

FISCAL IMPACT: If Council directs staff to provide temporary parking and drainage improvements the cost is estimated at \$30,000 and could come from the unallocated Sobrato Soccer CIP budget of \$980,000 or in lieu of CYSA lease payments estimated at \$18,662.



Memorandum

CITY OF MORGAN HILL

Date: September 15, 2005

To: City Council
City Manager Ed Tewes

From: Special Assistant to the City Manager Julie Spier

Subject: CYSA Lease Extension Terms and Conditions

City staff has had several conversations with Frank Marotto, General Manager of CYSA. Mr. Marotto has expressed the desire of CYSA to remain at the complex and their need to schedule out a year in advance requiring a minimum of a one year extension. Mr. Marotto also expressed the need for one-time improvements at the complex and the current format of only providing yearly extensions has made it difficult for the CYSA Board to allocate these one-time funds which could otherwise be spent on projects with longer lease terms. Under consideration by staff and Mr. Marotto was the Phase I concept of the complex and if there were any mutually beneficial improvements that could be accomplished. Due to the concept plan being revisited by the Parks and Recreation Commission, per Council direction at their meeting of July 27, 2005, and no committed design and construction plans, staff is unable to commit to funding any permanent improvements that with certainty would benefit both projects.

Based on Council's direction, Mr. Marotto has compiled a list of one-time costs for grounds and equipment needs that may be of benefit to both parties once the lease is terminated. The intent is if the city contributes to any of the items that item would remain with the facility after CYSA has vacated. Mr. Marotto was also asked what the minimum number of fields needed to keep CYSA in a relationship with the City knowing that space was needed to be allocated for other sport uses. CYSA has determined that number is 8 to accommodate their tournament needs during this contract period but for long-term needs they would require a minimum of 11 fields. The conceptual plan for Phase 1 and the master plan concept adopted by Council in December 2004 show 6 fields with a half field more in Phase I.

In reviewing the list staff acknowledges that some of the suggested items will eventually be required by the group who operates and maintains the complex. However, it is too early at this stage to make some of these purchasing decisions. For instance, Phase I plan calls out for the same type of above ground irrigation system that is currently being applied so the request from CYSA to purchase 3 water cannons appears to be a good investment. With further discussion at staff level, it was determined that the proposed program calls for increased use during the week yet the current watering schedule is done during the day and leaves the fields very wet and soggy. Due to budget constraints, an underground irrigation system was not included in the budget but may need to be rethought if the use requirements are increased from primarily weekend only use to what is anticipated in the new program.

The following tables outline city staff's response to the list of lease terms and improvements requested by CYSA.

Lease terms:

1. CYSA would like a 14 month extension stating how many fields will be available. November 1 st , 2005-January 2007.	City is confident that 11 fields will be available through June 2006. Depending on project construction notification as to field impact for the time period of July 06--Jan. 07 can be provided by January 2006 and included as a provision of the lease.
2. CYSA requires a minimum of 8 fields to continue with the lease.	11 fields will be available through June 2006. Period of July 06-Jan. 07 may impact field availability due to construction and City can provide notices of impact at least 60 days in advance. City will make every attempt to maintain at least 8 fields for the remainder of the lease.
3. CYSA agrees to provide access to the site so improvements or the start of project construction may commence.	City will provide at least a 60 day notification of project initiation and access requirements.
4. Conditional language regarding field availability after June 2006.	City will assess the project schedule and its impacts to field availability and will provide notification no later than January 2006 on the number of fields available.
5. CYSA lease rate is \$1333/month	Continue the monthly rate of \$1333 adjusted in July based on the CPI & on number of fields available.
6. CYSA is responsible for all maintenance and repair of the facility as well as all utility costs	City does not have these costs included in the 2005-2006 budget and would be a negative impact to the general fund.
7. The general public may apply to CYSA to use the fields as long as it doesn't conflict with CYSA's uses.	Provision was included in current contract. Orchard Valley Soccer is an affiliate of CYSA so they have their own use arrangements.

Improvements Requested

1. CYSA requested that the parking lot potholes be filled.	<p>City staff estimates the cost to provide minimal parking lot improvements to be \$15,000-\$20,000.</p> <p>This should temporarily address filling of potholes and recompacting the base rock.</p> <p>Current irrigation running off between drive aisles of the parking lot is contributing to the erosion.</p>	<p>Issue: Parking lot improvement may not exceed life of the lease and may not be beneficial to the project's Phase 1; CYSA to agree to maintain the parking lot improvements to increase investment feasibility by addressing irrigation runoff and proper vehicle control in the lot.</p>	<p>Budget: CYSA has indicated that they may want to charge a fee for parking if the lot is improved.</p> <p>City may consider funding directly CYSA to improve the parking lot as long as they conform to prevailing wage requirements --or-- In lieu of lease payment ask that they improve the parking lot.</p>
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2. CYSA requested that a drain be placed through the parking lot to Condit.	City staff estimates the cost of the temporary drain to be \$2,000.	This will be an interim improvement and will not be effective if CYSA is not successful in monitoring the water overflow to the parking lot(s)	Drain needs to be installed to protect the City's investment in the interim parking lot completed for the Aquatics Center.
3. Reseed with bluegrass—needed every 6-10 years.	\$5,500 for all existing fields. 6 fields of mutual benefit: \$3,500	Staff has determined that the condition of the grass at the complex is better than at any of the city parks due to limited use and irrigation.	Staff recommends a credit for the reseed of the six fields that are remaining in the Phase 1 of the conceptual plan. Estimated cost: \$3,500 to come from Project CIP budget.
4. Water Cannons- all three will need replacing	\$30,000 to replace all three	Purchasing of water cannons will commit the user to this current method of irrigation and is the assumption in the Phase I program. Underground irrigation will cost aprx. \$600,000 over 6 of the soccer fields in the plan.	The purchase of this equipment would remain with the city once the lease is over and will also commit the future user to this type of irrigating. There are no funds allocated for a different system in the concept plan.

If Council directs staff to provide temporary parking and drainage improvements and credit for grass reseed the cost is estimated at \$30,000 which includes estimated soft costs.

Council has several options regarding the financing of this project. One option would be to forego the lease payment of \$18,662/14 months and request that it be applied towards parking lot and drainage improvements. A second option is that Council determines that the economic benefit of the CYSA Soccer use of the complex through hotel and food TOT is substantial and allocate funding in the estimated amount of \$30,000 for parking lot and drain improvements from the unallocated Sobrato Soccer CIP budget of \$980,000. A third option is to not fund any improvements and ask that CYSA extend their lease based on the existing conditions of the complex.

CYSA and Morgan Hill Soccer Complex

by Frank Marotto
September 12, 2005

It's very valuable to all CYSA, as well as local leagues, to have a soccer complex of the size and proximity as we have in Morgan Hill readily available for our tournaments, cups and league play. In the 12 or 14 years since it was built, we've come to rely heavily on it, as it is the largest complex we operate at the CYSA state level. FYI, we do also utilize soccer complexes in Sacramento, Turlock, Ripon, Tracy, Livermore, and more.

Number of Fields

As I've expressed previously, our first preference **by far** is to continue operating the Morgan Hill complex as is, with eleven soccer fields, until the end of 2006 and beyond. However, if the city moves forward with plans to develop other facilities on this property in the summer of 2006, the minimum number of fields we think we can reasonably live with starting in June 2006 is eight. If this comes to pass, in order to continue offering the level of tournament, cup and league play that CYSA supports, we will begin to make plans immediately for utilizing alternative sites. Since we plan many of our tournament dates/sites a year or more in advance, we will not have the luxury of waiting to make alternative plans. In the long term, six fields is not large enough to host most of our cup and tournament play.

Lease Extension Terms

This is mainly about expenses/budget, and proposing that the City of Morgan Hill take on some of the one-time or special needs that will also benefit the City in the future. CYSA already loses on average \$30-40,000/year on the Morgan Hill complex on total expenses of \$160-180,000. I've developed the following list of special needs to be addressed at the complex that are in addition to the regular operating expenditures:

		Timing	Within 1 year	Beyond 1 year	Total
Grounds					
1	Spray for cutworm - 2nd & 3rd application	fall, spring	9,000		9,000
2	Dig drain	?	1,000		1,000
	Reseed with bluegrass - needed every 6-				
3	10 years	fall	5,500		5,500
4	Repair parking lot - fill holes, grade? pave?	ASAP	?		?
	Subtotal		15,500	0	15,500
Equipment					
5	Repair existing mule	fall	1,200		1,200
6	Purchase 2nd mule or quad	fall	9,000		9,000
7	Repair tractor (clutch) or trade in	fall	5,500		5,500
8	Repair trailer roof leaks/replace trailer	ASAP	?		?
9	Replace water cannons (3)	1-2 yrs		30,000	30,000
	Subtotal		15,700	30,000	45,700

Total Grounds and Equipment	\$ 31,200	\$ 30,000	\$ 61,200
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CYSA's proposal is that the City take 100% responsibility for items 2 and 4, and share some portion of the cost of items 3 and 5-8. Please let me know your thoughts on that. CYSA is also open to discussion of other terms or conditions of a lease extension that the City may think appropriate to bring to the table.

Morgan Hill Community Sports Park
Draft Schedule
8/17/05

<i>Task</i>	<i>Duration</i>	<i>Comments</i>
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Task 1
Finalize Design Concept and CEQA Review

<i>Program Development</i>	Complete	
<i>Master Plan Concept</i>	Complete	Master Plan Concept may change pending final approval of public/private partnership. Location and layout of private "parcel" still subject to discussion.
<i>Revisions to Master Plan Concept</i>	1-3 months	As noted above Master Plan Concept may be revised based on public/private partnership agreement. Longer time frame may be required depending on negotiations and review by PRC and City Council.
<i>CEQA Review</i>	3-6 months	CEQA Review Scope not finalized yet. Time frame could vary depending on anticipated outcome (Negative Declaration vs. EIR.)

Task 2
Private Partner and Maintenance Agreements

<i>Maintenance Organizational Structure and Agreements</i>	Time frame unknown -- could be parallel to tasks above.	Long-term maintenance funding sources and organizational structure need to be finalized. This may include agreements with a non-profit sports group.
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<i>Public/Private Partnership Negotiations and Agreement</i>	Time frame unknown -- could be parallel to tasks above.	The City needs to: 1) determine if it wishes to enter into a public/partnership agreement; 2) if yes, select a private partner, and 3) negotiate the terms of the agreement.
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***Task 3
Construction Documents***

<i>Sports Park Design/Engineering Contract</i>	2-6 months	Longer time frame is if RFP process is required. If RFP not required, contract negotiation could occur parallel with tasks noted above.
<i>Topographic Site Survey</i>	1 month	Could be part of Design/Engineering Contract or could be undertaken in advance by City
<i>Geotechnical Report</i>	1 month	Could be part of Design/Engineering Contract or could be undertaken in advance by City. Could be parallel to survey noted above.
<i>Design Development</i>	2 months	35% construction document submittal; finalize products, materials, finishes
<i>City Review</i>	1 month	
<i>Construction Documents</i>	4 months	Plans, specifications, estimate suitable for bidding
<i>City Review and Permitting</i>	2 months	

***Task 4
Bidding and Construction***

<i>Bid Advertising/ Preparation of Bid Notice/Printing etc.</i>	2 weeks	
<i>Bidding</i>	6 weeks	
<i>Bid Award</i>	2 weeks	
<i>Construction Contract/Notice to Proceed</i>	1 month	Receive contractor's bonds, insurance certificates, etc.
<i>Construction</i>	6 months	
<i>Rain Delays</i>	Unknown	Depends on construction start-up date
<i>Maintenance Period</i>	3 months	

Summary

<i>Task 1 Finalize Concept Design/CEQA Review</i>	4-9 months	May be longer if full EIR required.
<i>Task 2 Private Partner and Maintenance Agreements</i>	Time frame unknown	May be parallel to Task 1.
<i>Task 3 Construction Documents/ Permitting</i>	9-17 months	Shorter time frame is if no RFP and City initiates topographic survey and geotechnical report during Tasks 1 and 2.

<i>Task 4 Bidding and Construction</i>	12.5 months	Includes 3-month maintenance period. Does not include rain delays during construction.
<i>Total</i>	25.5-38.5 months	



CITY COUNCIL STAFF REPORT

MEETING DATE: September 21, 2005

SANTA CLARA VALLEY HABITAT CONSERVATION PLAN/NATURAL COMMUNITY CONSERVATION PLAN (HCP/NCCP) REVISED NON-VOTING LOCAL PARTNER AGREEMENT, PLANNING AGREEMENT, AND APPOINTMENTS TO GOVERNING BODY LIAISON GROUP

Agenda Item # 26

Prepared By:

**Community
Development
Director**

Submitted By:

City Manager

RECOMMENDED ACTION(S): By motion:

- (1) Authorize the City Manager to execute the attached revised Non-Voting Local Partner Agreement, and rescind the August 3rd authorization to execute the earlier version of the Local Partner Agreement;
- (2) Authorize the City Manager to execute the attached Planning Agreement; and
- (3) Designate up to two members of the City Council to serve as representative(s) on the Governing Body Liaison Group.

EXECUTIVE SUMMARY: On August 3, 2005 the Morgan Hill City Council voted to join the inter-jurisdictional planning effort to prepare a Habitat Conservation Plan/Natural Community Conservation Plan (HCP/NCCP), as a “non-voting local partner”. Participants in the planning effort include US Fish & Wildlife, State Fish & Game, VTA, SCVWD, San Jose, Santa Clara County, Gilroy and Morgan Hill. The Council voted to commit \$111,000 in FY 05-06 to the effort, and authorized the City Manager to execute a Non-Voting Local Partner Agreement. Staff informed the Council that the HCP/NCCP matter would return before the Council in September, for authorization to execute the Planning Agreement and to appoint a Councilmember to the Governing Body Liaison Group.

Subsequent to the August meeting, County Counsel identified certain desirable changes to the Non-Voting Local Partner Agreement, and so the August 2005 version was never executed. The changes are non-substantive. The City Attorney has reviewed the revised Agreement and has no objection to the changes.

The attached Planning Agreement is between the County of Santa Clara, the Santa Clara Valley Water District, the City of Gilroy, the City of Morgan Hill, the City of San Jose, the Santa Clara Valley Transportation Authority, the California Department of Fish and Game, and the United States Fish and Wildlife Service. The Agreement is necessary so that Morgan Hill will be “eligible” to participate in both the planning process as well as future “mitigation programs” that evolve from the Plan.

The Governing Body Liaison Group is comprised of elected officials from each of the participating agencies. Morgan Hill can appoint either one or two representatives to the Liaison Group. The Group is scheduled to meet quarterly to provide overall direction to the Management Team. The meetings will be held in San Jose at either the County Building or San Jose City Hall, and the foreseeable scheduled meeting dates and times are as follows:

October 20, 2005	6-8 PM
December 15, 2005	2-4 PM
March 23, 2006	6-8 PM
June 22, 2006	2-4 PM
September 21, 2006	6-8 PM

FISCAL/RESOURCE IMPACT: Funds were already committed to the effort On August 3, 2005. It is anticipated that Community Development Department staff will spend about 16 hours per month on this effort, with additional staff time needed from the Public Works Department from time to time to assist with definition and analysis of future public works projects and activities.

**NON-VOTING LOCAL PARTNER AGREEMENT
REGARDING PREPARATION OF THE
SANTA CLARA VALLEY HABITAT
CONSERVATION PLAN AND RELATED
ENVIRONMENTAL DOCUMENTS**

This Non-Voting Local Partner Agreement (“Agreement”) is made and entered into as of _____, 2005 by and between the City of San Jose, a municipal corporation (“San Jose”), the County of Santa Clara, a political subdivision of the State of California (“County”), the Santa Clara Valley Water District, a public entity (“Water District”), and the Santa Clara Valley Transportation Authority, a public entity (“VTA”) all of which are collectively referred to in this Agreement as the “Original Local Partners,” and the City of Morgan Hill, a municipal corporation (“Morgan Hill”) related to the preparation of a Habitat Conservation Plan (“HCP”) pursuant to the Federal Endangered Species Act of 1973, as amended, 16 U.S.C. § 1531 *et seq.*, and a Natural Community Conservation Plan (“NCCP”) pursuant to the Natural Community Conservation Planning Act, as amended, California Fish and Game Code § 2800 *et seq.*, and the California Endangered Species Act of 1984, as amended, California Fish and Game Code § 2050 *et seq.*, and related environmental documents, such as an Environmental Impact Report under the California Environmental Quality Act of 1970 (“CEQA”), as amended, California Public Resources Code § 21000 *et seq.*, and an Environmental Impact Statement under the National Environmental Policy Act of 1970 (“NEPA”), as amended, 42 U.S.C. § 4321 *et seq.* The HCP, NCCP and related documents are collectively referred to as the “HCP/NCCP” in this Agreement.

RECITALS

WHEREAS, the Original Local Partners have been working together since approximately June 2002 to formulate a joint plan for preparing the HCP/NCCP and have expended considerable time and financial resources toward this effort;

WHEREAS, the Original Local Partners entered into a Memorandum of Understanding related to preparation of the HCP/NCCP (“MOU”) effective June 25, 2004; and

WHEREAS, the MOU establishes the roles, relationships, rights and responsibilities among the Original Local Partners with respect to the HCP/NCCP; and

WHEREAS, Morgan Hill has expressed interest in formally participating in the HCP/NCCP process for the purpose of, among other things, ensuring that the potential impacts of Morgan Hill development and Morgan Hill public works projects and activities are covered by the HCP/NCCP, and that Morgan Hill is able to implement provisions and measures of the HCP/NCCP when incidental take permits or other permits are required in the future; and

WHEREAS, the Local Partners have determined that creating new full Local Partners with associated financial obligations is not appropriate for jurisdictions responsible for a significantly smaller portion of the HCP/NCCP Planning Area; and

Whereas, Morgan Hill has agreed to become a non-voting Local Partner with financial obligations established as one-half that of an original Local Partner; and

WHEREAS, the Original Local Partners and Morgan Hill have determined that their mutual needs can be met through this Agreement.

THE PARTIES HEREBY AGREE AS FOLLOWS:

1. Morgan Hill will formally participate in all aspects of the HCP/NCCP development as provided in the MOU to the same extent as the Original Local Partners except for the following:

a. Morgan Hill's representative(s) on the Governing Body Liaison Group will not have voting rights.

b. Morgan Hill's financial contribution toward the costs of the HCP/NCCP will be one-half (50%) of an Original Local Partner's share.

2. Morgan Hill will become a signatory to the Planning Agreement between the Local Partners and the California Department of Fish and Game ("CDFG") and U.S. Fish & Wildlife Service ("USFWS").

3. Morgan Hill will provide sufficient staff resources to participate in the ongoing work of preparing the HCP/NCCP, including but not limited to staff training, processing of interim projects, and attending and participating in meetings of the Management Team, HCP Technical Committee, and Stakeholder Group.

4. Morgan Hill will provide all technical information within its possession or control that is reasonably related to or could facilitate preparation of the HCP/NCCP, including but not limited to biological and other environmental data, General Plan and other land use maps and data, and a list of activities for which it intends to seek coverage under the HCP/NCCP.

5. Morgan Hill will designate up to two members of its City Council to serve as representative(s) on the Governing Body Liaison Group.

6. Morgan Hill's one-half (50%) Original Local Partner share toward the HCP/NCCP development cost, excluding the cost of any environmental documents prepared pursuant to CEQA and NEPA and any costs associated with permitting and implementation of the HCP/NCCP, is currently estimated to be \$220,000. Morgan Hill will pay its share in three installments as follows: (i) 50% (\$110,000) within 30 days of the effective date of this Agreement; (ii) 25% by July 1, 2006; and (iii) 25% by July 1, 2007. Morgan Hill will contribute toward any cost increases at one-half (50%) of an Original Local Partner share.

7. The costs of preparing environmental documents for the HCP/NCCP pursuant to CEQA and NEPA and the costs associated with permitting and implementation of the HCP/NCCP

are currently unknown, but are expected to total approximately \$220,000 to \$535,000. Morgan Hill will pay a portion of these costs equal to one-half (50%) of an Original Local Partner share.

8. Morgan Hill will provide a monthly accounting of any staff time and other costs incurred or provided by Morgan Hill in support of the HCP/NCCP to the HCP Manager to substantiate the local matching component required for any state or federal grants.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement.

<p>APPROVED AS TO FORM:</p> <p>By: _____ JACK DILLES</p> <p>Its: Risk Manager</p> <p>Date: _____</p> <p>By: _____ DAN SIEGEL</p> <p>Its: Interim City Attorney</p> <p>Date: _____</p>	<p>CITY OF MORGAN HILL, a municipal corporation</p> <p>By: _____ J. EDWARD TEWES</p> <p>Its: City Manager</p> <p>Date: _____</p>
<p>APPROVED AS TO FORM:</p> <p>By: _____ VERA TODOROV</p> <p>Its: Deputy City Attorney</p> <p>Date: _____</p>	<p>CITY OF SAN JOSE, a municipal corporation</p> <p>By: _____ LEE PRICE</p> <p>Its: City Clerk</p> <p>Date: _____</p>
<p>APROVED AS TO FORM:</p> <p>By: _____ EMILY COTE</p> <p>Its: Assistant District Counsel</p> <p>Date: _____</p>	<p>SANTA CLARA VALLEY WATER DISTRICT, a public entity</p> <p>By: _____ RICHARD P. SANTOS</p> <p>Its: Chair of the Board of Directors</p> <p>Date: _____</p>

<p>Signed and certified that a copy of this document has been delivered by electronic or other means to the Chair, Board of Supervisors.</p> <p>ATTEST:</p> <p>By: _____ PHYLLIS A. PEREZ Its: Clerk of the Board Date: _____</p> <p>APPROVED AS TO FORM AND LEGALITY:</p> <p>By: _____ LIZANNE REYNOLDS Its: Deputy County Counsel Date: _____</p>	<p>COUNTY OF SANTA CLARA, a political subdivision of the State of California</p> <p>By: _____ LIZ KNISS Chair, Board of Supervisors</p> <p>Date: _____</p>
<p>APPROVED AS TO FORM</p> <p>By: _____ KEVIN ALLMAND</p> <p>Its: Counsel Date: _____</p>	<p>SANTA CLARA VALLEY TRANSPORTATION AUTHORITY</p> <p>By: _____ MICHAEL T. BURNS</p> <p>Its: General Manager Date: _____</p>



**CITY COUNCIL & REDEVELOPMENT AGENCY
STAFF REPORT**

MEETING DATE: SEPTEMBER 21, 2005

**MAYOR, COUNCIL MEMBER, & RDA BOARD MEMBER
COMPENSATION**

RECOMMENDED ACTIONS

- 1) Discuss compensation options for Mayor, City Council Members, and RDA Board Members

EXECUTIVE SUMMARY: In remarks during budget deliberations, the Mayor suggested that the City Council consider an increase in Council Member salaries. The Financial Policy Committee subsequently discussed this topic at its August 17 and August 24 meetings. While the Committee made no specific recommendations, they asked staff to confer with the City Attorney and to obtain information about how other cities have handled Council Member pay. Staff researched this topic and conferred with the City Attorney. There are three types of compensation or reimbursements: 1) Mayor & City Council Member pay, 2) RDA Board Member pay, and 3) expense reimbursements.

Regarding City Council salaries, under existing City ordinances, the Mayor has been paid, since 1996, \$800 per month and Council Members have been paid, since 1986, \$300 per month. Under Government Code section 36516, the maximum amount payable to Council Members, for cities with a population between 35,000 and 50,000, is the larger of: 1) \$400 per month or 2) the amount last approved plus 5% for each subsequent calendar year. For Morgan Hill, monthly Council Member pay could be increased up to \$400 or, using the 5% formula, up to \$722. Under the Government Code, the Mayor is entitled to the same pay as Council Members plus any additional amount that may be provided by ordinance.

Regarding RDA compensation, Board members may receive \$30 per meeting, subject to a maximum of four meetings per month, under Health and Safety Code section 37114.5.

In addition, under Government Code section 36514.5, City Council Members "...may be reimbursed for actual and necessary expenses incurred in the performance of official duties." This would be limited by the constraints of the adopted City budget.

The Financial Policy Committee asked staff to survey other local general law cities to see if they have increased the pay for City Council Members as population levels in those cities have passed the thresholds that allow for pay increases under the Government Code. Attachment A provides this information for other cities that responded to staff's inquiry.

The Committee also asked if Council Member pay increases could be implemented on an individual basis upon the start of each new term. Under Government Code section 36516.5, any increases in Council Member pay could not be effective until a new term begins for at least one Council Member. No such limitation appears to apply for RDA Board member compensation. While pay for all Council Members cannot be increased until the start of a term for at least one Council Member, the pay for all City Council Members must be adjusted at the same time. However, the City Council could approve a pay adjustment to be effective at a later date, such as January 1, 2009, following the start of new terms for all Council Member seats. Any proposed changes should be reviewed by the City Attorney for purposes of consistency.

FISCAL IMPACT: Any City Council Member pay adjustments would be paid from the General Fund and any RDA Board Member compensation would be paid by the Redevelopment Agency.

Agenda Item #27

Prepared By:

Finance Director

Submitted By:

**City Manager/
Executive Director**